

CHAPTER ONE

SUBSECTOR POLICIES

The coffee subsector continues to play a significant role in the economy of Uganda, despite the continued depression in the world coffee prices. Coffee, therefore, has been put high on the government's agenda for poverty reduction.

To improve the competitiveness and profitability of the coffee industry, a number of policy options and regulations, in line with the Plan for Modernisation of Agriculture (PMA), have been evolved to boost coffee production, improve quality and enhance the marketing of coffee. This Chapter, therefore outlines some of the policies that are currently being pursued to achieve the overall objective, poverty reduction.

1.1 PRODUCTION

The policy in production is to replace all the old and less productive Robusta coffee trees, which comprise 90 percent of the total tree population, with the high-yielding cultivars - clonal plantlets and elite seedlings. The acreage in the traditional coffee districts is to be maintained but expansion is envisaged in the new districts where land is still available. The process is likely to take 20 years, at an annual replanting rate of 2 percent.

As for arabica coffee, the policy is to step up the proportion of arabica from the current level of 10 percent to around 15 percent in the next 4 years. This will be achieved by replacing the old trees with elite arabica varieties: SL 28, SL 14 and PNG; and expanding the acreage under arabica coffee both in the traditional and new districts. Low-altitude arabica coffee cultivars will also be introduced in the Robusta areas. Research into low-altitude arabica cultivars is on-going.

Coffee Wilt Disease

The policy on Coffee Wilt Disease is to contain the spread of the disease through replanting in new areas with clean planting materials; uprooting and burning insitu all the infected coffee trees; sensitising farmers about the danger of the disease and use of phytosanitary measures on the farm; and to breed and screen for improved robusta varieties to supplement the existing six clones currently avail.

Nucleus Plantations

Development of large coffee plantations with out-grower schemes and formation of strong coffee farmer associations are being encouraged to improve the overall quality of Uganda coffee to ease provision of extension services, enhance the productivity and the competitiveness of Uganda coffee on the international market is being encouraged.

Nursery Support

Coffee nursery development is being encouraged to ensure a continuous supply of quality and clean planting materials. The nurseries are certified by the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF). To increase the productivity of clonal nurseries, the industry has adopted the split-cutting technology and UCDA intensified in provision of technical assistance to operators to improve managerial skill.

UCDA continues to support demand-driven biological coffee research programmes undertaken by the Coffee Research Institute (CORI) at Kituza in Mukono district. The on-going programmes are:-

- i) Breeding and screening for improved Robusta varieties to supplement the existing six clones currently being used;
- ii) Introduction, screening and selecting arabica cultivars for field, yield, quality and adaptation to suitable ecological zones;
- iii) Breeding and selecting disease resistant coffee varieties of high yield and quality;
- iv) Development of sustainable pest and agronomic packages for adoption by farmers, and
- v) Promotion of adoption of technological packages for farmers through demonstrations.

Other research initiatives supported by UCDA are containment of Coffee Wilt Disease, prevention of Ochratoxin A (OTA), socio-economics, value addition, manufacture and utilisation of by-products.

1.3 QUALITY

The policies geared towards continuous coffee quality improvement which are being implemented by UCDA include:-

- i) Encouraging investment in post-harvest technology such as wet processing to improve coffee quality, and boost revenue from coffee;
- ii) Value addition through roasting and manufacture of soluble coffee to raise coffee revenue and earnings to farmers;
- iii) Continuous training of coffee subsector players in quality related matters and awareness;
- iv) Ensuring an effective and efficient quality assurance system through the regulatory mechanism;
- v) Product performance evaluation and surveillance from customer feedback systems and market surveys; and
- vi) Develop the Uganda coffee quality catalogue through appellation, product differentiation, to assist the operators, roasters and exporters to identify and eliminate the "sport origins" and "origin risks" on organoleptic characteristics - varieties, altitude, soil texture, etc. The appellation exercise is going on in the districts of Mbale, Kapchorwa and Nebbi.

On the international scene, the International Coffee Organisation set up a Quality Improvement Committee which came up with strong recommendations for improvement of the coffee quality. The recommendations that were wholly adopted by the council as minimum standards for exportable coffee are as follows: -

- For both arabica and Robusta, the moisture content should not exceed 12.5 percent, minor exceptions could be made for specialty coffee such as Indian Monsooned Malabar;

ects should not exceed 86 defects and 150 defects per

- Exporting members shall only issue ICO Certificates of Origin for consignments of coffee that meet both the minimum defect and moisture standards.

Implementation of these recommendations will, in the medium term, improve the overall quality of coffee and hence farmer earnings.

1.4 MARKETING

To bolster coffee prices, Uganda and the Association of Coffee Producing Countries - independently - adopted a number of policy options to regulate supply and bring equilibrium in the market. These included the following: -

- Adoption of a coffee retention scheme by ACPC member countries. This restricted coffee flows by 20 percent so long as the ICO indicative price, which acted as a trigger price was below US 95 cent per pound;
- Gradual elimination or withdrawal of low-quality coffees from the market. This policy is envisaged to reduce the supply side by 5 percent;
- Increase investments in promotional activities to stimulate consumption demand, especially in Russia, China and in the domestic market where the growth potential is high.
- Develop market identity - brands - as opposed to selling Uganda coffee as a blend;
- Establish an auction system to take advantage of the available high-quality coffees on the Ugandan market and as a means of price recovery.
- Intensify market research to equip farmers and the trade as whole with market characteristics as dictated by consumer requirements;
- Provision of timely market information to the industry to enhance competitiveness of the coffee industry.

CHAPTER TWO COFFEE MARKETING

2.0 GENERAL PERFORMANCE

The coffee year which ended on September 30, 2001 recorded a 5.4 percent increase in the volume of coffee exported from 2.92 million 60-kilo bags realised in the previous year to 3.07 million bags. However, the value of export fell by 36.4 percent from \$ 164.8 million a year ago to \$ 104.8 million. The fall in value, despite an appreciable rise in the volume exported is attributed to:-

- The general decline in world coffee prices arising from oversupply from some origins, especially Vietnam and Brazil;
- A continued build-up of stocks in consuming countries, estimated at around 20 million bags by the close of the season;
- The relative inelasticity of consumption in the traditional markets; and
- ACPC's failure to operationalise the 20 percent coffee retention scheme agreed upon by members in May 2000.

Although the quantity exported went up, some farmers, processors and exporters remained with coffee stocks, estimated at around 500,000 bags, by the close of the season.

2.1 COFFEE PROCUREMENT

Coffee procurement went up by 7.13 percent from 3.02 million bags purchased last year to 3.23 million bags. Robusta coffee constituted 85 percent and arabica 15 percent of the total procurement. The increase in quantities was due to the increase in the proportion of Clonal coffee coming into production; a good harvest recorded during the year, especially in the South-western and Masaka areas. These areas received good weather during the flowering period and thereafter, thus underpinning bean formation and development. However, some farmers led to holding back of stocks due to low prices. Table 2.1 below gives coffee procurement by type over the last 5 years.

Table 2.1 COFFEE PROCUREMENT BY TYPE: 1995/96 - 2000/01 (60-Kilo Bags).

COFFEE YEAR	COFFEE TYPE		TOTAL	% -Age Change Over last year
	Robusta	Arabica		
2000/01	2,752,429	480,920	3,233,349	7.13
1999/2000	2,518,135	499,981	3,018,116	(21.67)
1998/99	3,424,598	428,624	3,853,222	23.45
1997/98	2,755,159	366,029	3,121,188	(29.06)
1996/97	3,952,474	447,336	4,399,810	2.58

Chart 2.1 and Table 2.2 give the graphical and tabular representations, on comparative basis, of procurement performance in the last two years. The peak month of harvest was realised in January as opposed to last year when the peak harvest was observed in November, an indication of a shift in the season due to weather changes.

Chart 2.1 COMPARISON OF MONTHLY PROCUREMENT: 2000/01

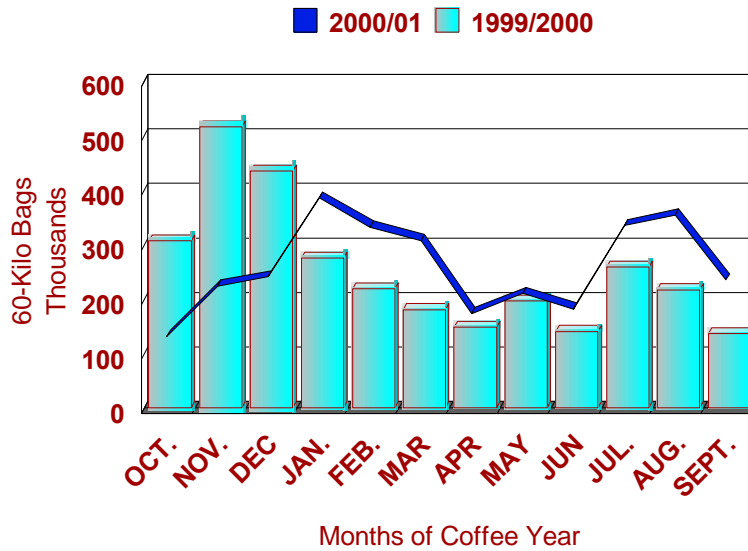


Table 2.2 COMPARATIVE COFFEE PROCUREMENT BY TYPE - 60 Kilo bags.

MONTH	2000/01			1999/2000		
	Robusta	Arabica	Total	Robusta	Arabica	Total
G/TOTAL	2,752,429	480,920	3,233,349	2,518,135	499,981	3,018,116
OCT..	119,165	22,219	141,384	250,135	55,632	305,767
NOV..	200,104	34,178	234,282	451,233	63,214	514,447
DEC.	215,410	36,056	251,466	365,896	67,895	433,791
JAN.	356,142	39,541	395,683	210,365	63,625	273,990
FEB..	266,312	75,742	342,054	165,328	52,563	217,891
MAR.	251,323	66,321	317,644	138,631	41,256	179,887
APR.	132,541	51,236	183,777	112,366	35,024	147,390
MAY.	152,363	68,467	220,830	165,132	30,123	195,255
JUN.	159,648	32,145	191,793	101,423	38,541	139,964
JUL..	319,237	25,884	345,121	232,515	25,231	257,746
AUG..	346,552	17,768	364,320	201,457	14,523	215,980
SEPT.	233,632	11,363	244,995	123,654	12,354	136,008

2.20 EXPORT PERFORMANCE

The monthly export figures during the year are shown in Table 2.3 below. During the year, a total of 3.07 million bags worth US \$ 104.8 million were exported. This represents an increase of 5.4 percent in volume and a decline of 36.4 per cent in value over the previous year. The improvement in volume of export is attribute to an increase in procurement. However, the value of export fell significantly largely due to low prices on the world market.

THLY COFFEE EXPORTS: 2000/01 & 1999/2002
KILO BAGS & US DOLLARS -

MONTH	2000/01		1999/2000		% age Change	
	Qty	Value	Qty	Value	Qty	Value
G/TOTAL	3,074,773	104,776,423	2,917,257	164,749,915	5.4	(36.4)
OCT..	138,785	5,518,917	225,025	13,503,447	(38.3)	(59.1)
NOV..	227,519	8,412,409	411,903	24,844,398	(44.8)	(66.1)
DEC	232,427	8,453,619	365,788	23,493,543	(36.5)	(64.0)
QTR - 1	598,731	22,384,945	1,002,716	61,841,388	(40.3)	(63.8)
JAN.	340,863	12,521,947	300,963	20,658,240	13.3	(39.4)
FEB..	295,717	11,335,323	207,953	14,851,580	42.2	(23.7)
MAR	211,739	8,087,470	149,120	10,024,958	42.0	(19.3)
QTR - 2	848,319	31,944,740	658,036	45,534,778	28.9	(29.8)
APR	177,364	6,870,463	94,953	5,250,321	86.8	30.9
MAY	199,427	7,493,905	153,221	7,637,478	30.2	(1.9)
JUN	269,493	8,734,804	264,771	12,329,735	1.8	(29.2)
QTR - 3	646,284	23,099,172	512,945	25,217,534	26.0	(8.4)
JUL..	336,122	10,121,315	291,029	13,452,437	15.5	(24.8)
AUG..	354,316	9,632,712	220,302	9,466,304	60.8	1.8
SEPT.	291,001	7,593,539	232,229	9,237,474	25.3	(17.8)
QTR - 4	981,439	27,347,566	743,560	32,156,215	32.0	(15.0)

Exports during the first quarter (Oct/Dec., 2000) totalled 598,731 bags down 40.3 percent from 1,002,217 bags. The drop was due to farmers' reluctance to sell at low prices. However, stocks were later released in the subsequent quarters after losing hope of any price recovery.

2.21 COFFEE EXPORTS BY GRADE

The coffee grading system was revised, in line with the recommendations of the study undertaken by UNIDO on value addition, to include two more additional grades: screen 17 and screen 14 among the robustas. The additional grades were re-screened from the traditional screens 15 and 12, respectively. Price premia of US \$ 50 and \$ 20 per tonne were realised for Screen 17 and 14, respectively above Screens 15 and 12.

The second recommendation of the study on Value Addition was re-introduction of washed robustas, a practice that had stalled almost three decades ago. Besides improving the overall quality, washed Robusta coffee fetches a reasonable price premium over the unwashed. The global demand for washed Robusta coffee has been re-enforced in recent years by the growing popularity of espresso. Washed Robusta provides a cleaner and a milder cup, and could increase the Robusta content in Robusta-Arabica espresso. Most of this coffee went to the Specialty markets in the US, Europe and Japan.

Table 2.4 shows the quantities of each coffee type, grade and their corresponding average realised prices. Washed Robusta coffee fetched an average of \$ 1.12 per kilo almost the same as Bugisu AA and much higher than Robusta sold in the conventional markets. This represents a price premium of US \$ 60 per tonne over the standard grade.

BY TYPE, GRADE, VALUE & UNIT PRICE

- in 60 kilo bags, US \$ & \$/kilo -

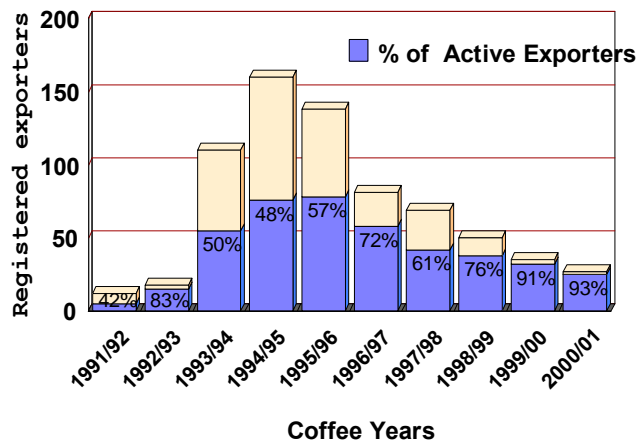
TYPE	Qty	Value	Unit Price
G/TOTAL	3,074,773	104,776,421	0.57
Robusta	2,617,777	79,914,361	0.51
Organic	5,020	232,137	0.77
Washed	2,095	140,929	1.12
Sc. 1800	236,797	9,737,692	0.69
Sc. 1700	70,510	2,411,442	0.57
Sc. 1500	1,560,548	48,505,725	0.52
Sc. 1400	2,672	75,350	0.47
Sc. 1200	591,936	15,890,381	0.45
BHP 1199	52,277	848,554	0.27
Others	95,922	2,072,151	0.36
Arabica	456,996	24,862,060	0.91
Organic	1,065	61,339	0.96
Bugisu AA.	57,621	3,906,171	1.13
Bugisu A.	27,769	1,772,776	1.06
Bugisu PB	7,514	459,014	1.02
Bugisu B	17,725	1,138,303	1.07
Ara_AB.	14,915	1,018,302	1.14
Wugar	70,758	3,763,572	0.89
Drugar	241,746	12,189,721	0.84
Others.	17,883	552,862	0.52

2.22 PERFORMANCE BY EXPORTERS

(a) REGISTRATION

The number of registered exporters fell by 13.8 percent in 2000/01 from 35 a year ago to 29 exporters. Chart 2.2 demonstrates the decline of registered exporters over the years, from a high of 170 in 1995/96 to 29 last year. The full length of the bar represents the number of registered exporters in a given year, while lower segment gives the percentage of those active in the year. Much as the number of registered exporters has been going down each year, the percentage of those active has shown an upward trend, from around 53 percent in 1995/96 to 93 percent last year. The fall in registered exporters and the growing concentration are attributed to efficient use of risk management instruments and having access to cheaper funds. In an attempt to remain competitive, in the face of the current low prices, the remaining exporters are continuously reviewing their structures to cut down on costs.

PERFORMANCE OF REGISTERED



(b) COFFEE EXPORT

Table 2.5 below, shows the relative performance of exporters in terms of individual and cumulative market share during the year under review. The best performer in the year, UGACOF LTD., shipped

507,035 bags, which was 16.5 percent of the total exports. Over 50 percent of the crop was exported by 5 exporters against 6 last year, an indication of a continued concentrated.

Table 2.5 INDIVIDUAL EXPORTERS' PERFORMANCE

	EXPORTER	Quantity - bags -	PERCENTAGE MARKER SHARE	
			INDIVIDUAL	CUMULATIVE
	GRAND TOTAL	3,074,773	100.00	-
1	UGACOF LTD.	507,035	16.5	16.5
2	PAN AFRIC IMPEX (U) LTD.	460,265	15.0	31.5
3	OLAM (U) LTD.	263,878	8.6	40.0
4	KYAGALANYI COFFEE LTD	226,324	7.4	47.4
5	GREAT LAKES	223,672	7.3	54.7
6	IBERO (U) LTD.	191,170	6.2	60.9
7	KAMPALA DOMESTIC STORE	175,825	5.7	66.6
8	INTERTRADE SERVICES LTD	166,059	5.4	72.0
9	BUSINGYE & CO.	153,300	5.0	77.0
10	KAWACOM (U) LTD.	117,508	3.8	80.8
11	WABULUNGU MULTI PURPOSE	91,725	3.0	83.8
12	H. M. NSAMBA & SONS LTD.	89,642	2.9	86.7
13	BANGA MULTI-PURPOSE SOCIE	82,158	2.7	89.4
14	NAKANA COFFEE FACTORY	76,073	2.5	91.9
15	OTHERS	250,139	8.1	100.0

2.30 PRICE MOVEMENT

2.31 LOCAL PRICE

farm-gate prices for Robusta Kiboko, FAQ and arabica and on the international market. The price for Kiboko s. 450 per kilo, a decline of 40.0%; FAQ prices fell by 36.4% from an average of Shs. 1,100 per kilo last year, down to Shs. 700. Similarly, the price for arabica parchment declined from an average of Shs. 1,300 per kilo last year to Shs. 950; representing a 27 percent fall.

The notable effects of the low prices to farmer have been a significant reduction in farm inputs, routine husbandry practices and withholding of stocks from the market.

Despite the general downtrend in prices, the proportion of the free-on-rail/truck, Kampala prices that goes to farmers remained relatively stable, at around 70 percent as shown in table 2.6 below. This is explained by the stiff competition in the internal market and the favourable exchange rate.

Table 2.6 FARMERS' PERCENTAGE SHARE OF FOR/T KAMPALA PRICE

COFFEE YEAR	Average Price in Shs/Kilo		% -Age Share
	F.A.Q	SC. 1500	
1991/92	420	927	45
1992/93	568	1,092	52
1993/94	1,292	1,684	77
1994/95	1,685	2,343	72
1995/96	1,254	1,606	78
1996/97	1,146	1,480	77
1997/98	1,430	1,900	75
1998/99	1,433	1,899	75
1999/2000	1,100	1,580	70
2000/01	700	997.5	70

2.32 EXPORT PRICES

The average realised export prices fell by 40 percent from an average of 94 cents per kilo in 1999/2000 to around 57 cents this year. The average prices for Robusta and arabica were 51 and 91 cents, down from 85 and 136 cent per kilo last year, respectively. The gap between Robusta and arabica prices realised for the respective two years remained relatively constant at 50 cents per kilo in the domestic market, despite a sharp increase in global Robusta production.

Chart 2.3 demonstrates the movement of the realised free-on-rail/truck export prices since January 1998 to September 2001. As is evident from the chart, the decline in prices has persisted for both arabica and Robusta, and it seems to be continuing for some time.

2.4 COFFEE SALES BY BUYER

Average Export Prices: 1998 1

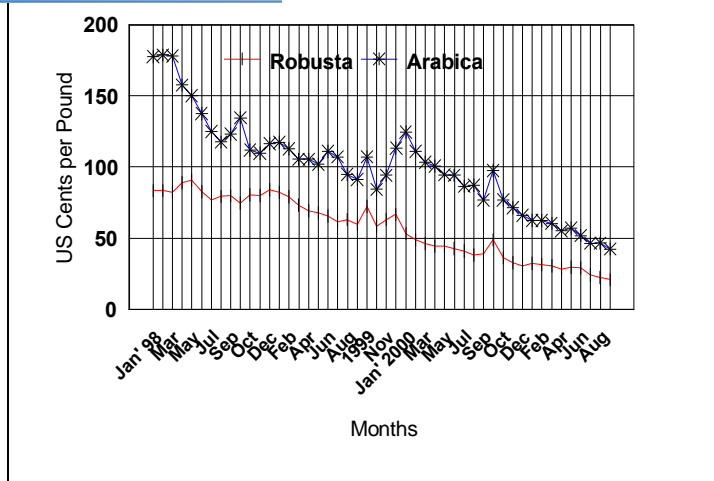


Table 2.7 shows Robusta and arabica coffee quantities bought by the major buyers of Uganda coffee. It also shows the individual and cumulative market shares of the buyers. Slightly over 50 percent of

Uganda's coffee was purchased by only 4 buyers.

Table 2.7 COFFEE PURCHASES BY BUYER IN 2000/01 - 60 kilo bags -

BUYER	ROBUSTA	ARABICA	TOTAL	% - age	
GRAND TOTAL	2,614,822	456,911	3,071,733	IND	CUM
1 SUCAFINA	559,098	41,727	600,825	19.56	19.6
2 SOCADEC	420,193	41,025	461,218	15.01	34.6
3 OLAM INTERNATIONAL	282,345	17,150	299,495	9.75	44.3
4 DRUCAFE	173,727	67,337	241,064	7.85	52.2
5 BERNARD ROTHFOS	199,975	32,220	232,195	7.56	59.7
6 ICONACAFE	119,325	29,420	148,745	4.84	64.6
7 ECOM AGROINDUST	88,355	58,366	146,721	4.78	69.4
8 VOLCAFE	115,913	20,490	136,403	4.44	73.8
10 HACOFECO	64,072	13,612	77,684	2.53	76.3
11 DECOTRADE	75,510	0	75,510	2.46	78.8
12 LOUIS DREYFUS	56,000	16,000	72,000	2.34	81.1
13 OTHERS**	460,309	119,564	579,873	18.88	100.0

** A full list of buyers is shown in the appendices

2.5 COFFEE EXPORTS BY DESTINATION

The European Union¹ continued to be the biggest importer of Uganda coffee, although the percentage fell from 94.1 percent last year to 64.3 percent. Within the EU, Belgium had the largest direct coffee imports, accounting for 9.5 percent of the EU's total coffee imports from Uganda. Much of the coffee to the European Union, around 1.34 million bags (71%), had no specific destination within the Union at the time of shipment. Table 2.8 illustrated the direction of trade in terms of volume and market share. The second biggest importer of Uganda coffee was Switzerland, accounting for 15.34 percent, followed by the Sudan (4.67%), Poland (1.07%), etc. In Africa, Sudan, Morocco, Eritrea and Kenya are becoming good buyers of Uganda coffee.

¹ EU member countries include: Austria, Belgium, Denmark, Italy, Luxembourg, Finland, France, Germany, Greece, Ireland, Netherlands, Portugal, Spain, Sweden and the United Kingdom.

RTS TO ALL DESTINATIONS - in 60 kilo bags -

		QUANTITY 2000/01	% - AGE MARKET SHARE	
			INDIVIDUAL	CUMULATIVE
	GRAND TOTAL	3,074,773	100	-
1	EUROPEAN UNION	1,975,718	64.26	64.3
2	SWITZERLAND	471,714	15.34	79.6
3	SUDAN	143,715	4.67	84.3
4	POLAND	32,896	1.07	85.3
5	MOROCCO	24,331	0.79	86.1
6	HUNGARY	22,470	0.73	86.9
7	SINGAPORE	20,180	0.66	87.5
8	ERITREA	18,060	0.59	88.1
9	USA	16,978	0.55	88.7
10	CANADA	9,506	0.31	89.0
11	SLOVENIA	4,995	0.16	89.1
12	KENYA	4,326	0.14	89.3
13	ISRAEL	3,655	0.12	89.4
14	UNITED ARAB EMIRATE	2,450	0.08	89.5
15	JAPAN	2,045	0.07	89.5
16	OTHERS**	321,734	10.46	100.0

Note: ** A full list of buyers is shown in the appendices

2.6 DOMESTIC COFFEE CONSUMPTION

Coffee consumption in Uganda is still low, estimated at between 120,000 - 150,000 bags of 60 kilos each per annum. However, the upcoming Cafes in major towns, which attract mainly the youths on whom the future of the industry depends, may increase the level of coffee consumption. Further, the number of active roasters has also gone up, from two in 1999 to seven. These include Kampala Jelliton, Star Coffee, Gayaza Roasters, Safari, Elgon Pride, Elgonia Industries and Shire International.

2.7 CLOSING STOCKS

The level of closing stocks as on September 30, 2001 was estimated at 500,000 bags held at various stages within the supply chain farmers, collectors, processors and exporters. This was slightly higher than 450,000 bags of last year, largely due to the abortive retention plan of ACPC. Players held back most of the low quality coffee from the market under the scheme.

2.8 OUTLOOK FOR THE COFFEE YEAR 2001/02

2.8.1 DOMESTIC SCENE

In the forthcoming year (October/September) 2001/02 coffee production is estimated at 3.4 million bags and exports remain unchanged at 3.0 million bags. The low export projection is based on the falling domestic coffee prices, which may affect the flow of coffee on the market.

However, farmers have aggressively embraced the coffee replacement programme despite the very low prices, to take advantage of the rains, to replace the old and less productive

time prices recover coffee being planted will be in as been put at the forefront in the fight against poverty.

2.82 GLOBAL SITUATION

The fundamentals seem to suggest yet a dismal market where coffee prices will continue with the current doldrums largely due to high availability and increased stocks with consumers. Coffee production from the two major origins, Brazil and Vietnam, is estimated at 40 million bags, over 30 percent of global production.

Table 2.9 GLOBAL ROBUSTA COFFEE PRODUCTION

Country	1998/99	1999/00	2000/01	Projection
				2001/02
Vietnam	6,995,000	11,055,000	14,850,000	14,850,000
Brazil	4,590,000	4,420,000	6,400,000	10,000,000
Indonesia	6,465,000	6,695,000	6,300,000	5,400,000
Ivory Coast	2,189,300	5,670,000	4,333,000	4,666,000
India	2,800,000	2,900,000	3,280,000	3,166,670
Uganda	3,424,598	2,518,135	2,752,430	2,890,000
Cameroon	1,250,000	1,250,000	1,100,000	1,000,000
Thailand	731,600	1,070,000	1,130,000	870,000
Top 8 total	28,445,498	35,578,135	40,145,430	42,842,670
Others	4,232,750	4,534,650	4,685,500	4,577,500
Grand Total	32,678,248	40,112,785	44,830,930	47,420,170
% increase		18.53	10.52	5.46

Source: Commodityexpert website

Much increase is envisaged among the robustas, from around 44.8 million bags realised in 2000/01 to 47.4 million bags next year. Table 2.9 illustrates the progressive increase in the level of Robusta coffee production over the past three years and the projection for 2001/02 coffee year. Vietnam, Brazil and India have, in recent years, become significant Robusta coffee origins, almost edging out the traditional Robusta origins: Indonesia, Cote d'Ivoire and Uganda. Supply increased from 110 million bags a year ago to around 117 million bags, while consumption remained almost stagnant at approximately 102 million bags per annum.

CHAPTER THREE

DEVELOPMENT PROGRAMMES

3.1 INTRODUCTION

Coffee production continued on a positive trend, despite the low prices on world market and the effects of the coffee wilt disease (CWD). The anticipated production level, of about 4.0 million 60-kilo bags, according to UCDA projections, did not however materialise due variation in weather and depressed productivity levels of old coffee trees. During the year, coffee production increased slightly from 3.6 million to 3.75 million 60 kg bags. The modest increase could basically be from the recently planted high-yielding coffee trees coming into production.

UCDA continued with its promotion programmes aimed at increasing coffee production in the traditional coffee growing areas and new areas. This was done through sensitisation and awareness campaigns, farmer training, Radio and TV programmes and the replanting programme. The efforts to introduce Robusta coffee in Northern Uganda and arabica coffee in the highlands of the South Western region also continued. However, there has been a general downward trend in coffee prices at both local and international levels.

3.2 COFFEE PRODUCTION

By the close of the 2000/2001 coffee year, overall coffee production was around 3.75 million 60-kg bags. This reflects a marginal increase of about 2 percent when compared to 3.6 million bags produced in 1999/2000. The increase was marginal largely due to the prolonged dry weather experienced during May to September period of 1999 that transcended into the first quarter of 2000/2001 Coffee Year, the coffee wilt disease and the low productivity of old coffee trees.

However, as a general trend, the new and high yielding coffee varieties (especially clonal coffee) that have cumulatively been planted since 1993/94 have come into production. As indicated in Table 3.1, the current acreage under coffee stands at 307,101 hectares, comprising 261,767 ha. of Robusta and 45,334 ha. of arabica.

Coffee exported during the 2000/2001 Coffee Year was 3.07 million 60-kilo bags, an increase of 5.5 percent from the 2.97 million bags exported the previous coffee year. Approximately 500,000 bags remained as carry over stocks after accounting for local consumption, which is estimated at 150,000 bags. The amount of carry over stocks is high as a result of farmers holding on to their coffee in anticipation of recovery in prices.

PRODUCTION ESTIMATES: (2000/2001)

		Cumulative Planting since 1993/94 (Ha)	Total Area Under Coffee (Ha)	Actual Production (60 kg Bags)	Potential Production (60 kg Bags)
(a) Robusta Coffee					
1. Mukono	49,920	2,980	52,900	682,410	846,400
2. Mpigi	30,400	3,800	34,200	441,180	547,200
3. Masaka	37,240	4,200	41,440	534,576	663,040
4. Sembabule	3,360	580	3,940	50,826	63,040
5. Mubende	19,740	2,300	22,040	284,316	352,640
6. Luweero	15,840	2,100	17,940	231,426	287,040
7. Nakasongola	1,900	120	2,020	26,058	32,320
8. Kiboga	9,200	1,000	10,200	131,580	163,200
9. Rakai	7,900	2,300	10,200	131,580	163,200
10. Kalangala	2,475	296	2,771	35,746	44,336
11. Mbarara	4,800	710	5,510	71,079	88,160
12. Bushenyi	5,760	1,850	7,610	98,169	121,760
13. Ntungamo	3,800	622	4,422	57,044	70,752
14. Rukungiri	1,650	1,100	2,750	35,475	44,000
15. Kabalore	1,125	1,440	2,565	33,089	41,040
16. Bundibugyo	375	330	705	9,095	11,280
17. Kibaale	4,400	524	4,924	63,520	78,784
18. Hoima	3,680	934	4,614	59,521	73,824
19. Masindi	1,974	720	26,940	34,753	43,104
20. Jinja	4,900	635	5,535	71,402	88,560
21. Kamuli	5,820	1,800	7,620	98,298	121,920
22. Iganga	11,640	1,600	13,240	170,796	211,840
23. Lira		367	367		5,872
24. Gulu		356	356		5,696
25. Apac		395	395		6,320
26. Pallisa		254	254		4,064
27. Tororo		175	175		2,800
28. Busia		145	145		2,320
29. Kitgum		235	235		3,760
Subtotal	227,899	33,868	286,013	3,351,939	4,188,272
(b) Arabica Coffee					
1. Mbale	16,000	2,500	18,500	170,385	314,500
2. Kapchorwa	8,000	1,700	9,700	89,337	164,900
3. Nebbi	3,500	1,600	5,100	46,971	86,700
4. Arua	2,500	2,300	4,800	44,208	81,600
5. Kasese	3,108	800	3,908	35,993	66,436
6. Bundibugyo	1,000	100	1,200	6,052	20,400
7. Kabalore	500	100	600	2,526	10,200
8. Kisoro	872	300	1,172	580	19,924
9. Kabale	426	200	626	365	10,642
Subtotal	35,906	9,600	45,606	396,417	775,302
Grand Total	263,805	43,468	331,619	3,748,356	4,963,574

Source: Coffee Industry Data 2000/2001

continued to be one of the main activities of UCDA during the concept year. Table 5.2 gives a summary on the planting undertaken during the year.

The objective of the programme is to replace the old coffee trees and dead ones affected by the Coffee Wilt Disease. A total of 15,535,722 coffee plantlets, comprising of 10,261,264 Robusta and 5,274,458 arabica coffee plantlets were planted by 180,022 farmers. The Government highly supported this programme by directly releasing funds for purchase and distribution of plantlets to poor farmers through the Poverty Action Fund.

The over 1,000 established coffee nurseries have continued to supply the plantlets for the programme and as a result of intensified planting programme, the effect of the coffee wilt disease currently estimated at about 15.2 million affected trees has been outpaced.

ING AND BENEFICIARIES DURING 2000/2001

		Distributed	Total	Beneficiaries
	Arabic	Arabic		
1. Mukono	825,000		825,000	5,559
2. Kayunga	224,000		224,000	1,709
3. Mpigi	935,000		935,000	12,297
4. Wakiso	580,000		580,000	1,990
5. Masaka	844,000		844,000	11,347
6. Sembabule	234,090		234,090	3,280
7. Mubende	850,000		850,000	8,712
8. Luweero	800,000		800,000	34,546
9. Nakasongola	575,900		75,900	832
10. Kiboga	225,000		225,000	2,507
11. Rakai	550,000		550,000	6,757
12. Kalangala	83,600		83,600	2,157
13. Mbarara	180,200	45,800	226,000	2,914
14. Bushenyi	350,000	75,346	425,346	6,624
15. Ntungamo	211,000	31,912	242,912	4,506
16. Rukungiri	293,300	51,700	345,000	5,912
17. Kanungu	142,000	32,500	174,500	544
18. Kabalore	221,000	54,000	275,000	5,489
19. Kyenjojo	320,000		320,000	1,501
20. Kamwenge	245,000	30,000	275,000	982
21. Bundibugyo	135,000	153,000	288,000	2,274
22. Kasese	36,000	220,000	256,000	3,442
23. Kibaale	365,000		365,000	2,732
24. Hoima	108,500		108,500	1,885
25. Masindi	77,601		77,601	962
26. Jinja	59,650		59,650	1,331
27. Kamuli	147,250		147,250	2,735
28. Iganga	78,400		78,400	1,874
29. Bugiri	101,367		101,367	2,274
30. Mayuge	40,000		40,000	440
31. Mbale		725,000	725,000	6,676
32. Sironko		423,000	423,000	1,230
33. Kapchorwa		930,000	930,000	4,424
34. Nebbi		800,000	800,000	4,717
35. Arua		815,000	815,000	3,817
36. Yumbe		77,000	77,000	321
37. Kitgum	155,000		155,000	584
38. Pader	66,000		66,000	401
39. Kisoro		480,000	480,000	4,721
40. Kabale		335,000	335,000	5,206
41. Gulu	330,000		330,000	2,619
42. Apac	122,000		122,000	374
43. Lira	122,482		122,482	1,532

			120,000	1,352
			52,590	693
			88,168	1,241
Total	10,894,098	5,279,258	15,673,356	180,022

Source: UCDA Replanting Data 2000/2001

3.4 POVERTY ACTION FUND FOR COFFEE PRODUCTION

Government allocated a total of 3.5 Billion Shillings for purchase of coffee planting materials to farmers, purchase of elite seed for nurseries, farmer sensitisation and mobilisation of the population. The initiative is intended to eradicate poverty from the rural population through planting of high yielding and quick maturing coffee planting material. In order to ensure equity in the utilisation of the funds to enable cover all districts, allocation of plantlets was based on the following:

- a) Availability of coffee plantlets
- b) Extent of coffee wilt disease
- c) Existing coffee acreage in the district
- d) Expansion of coffee planting into new districts

The planting programme covers all traditional coffee growing districts and new Robusta areas in Mid North and South Western arabica districts. However, due to high demand, plantlets were not adequate and this sometimes led to giving out uneconomic numbers of plantlets to farmers. The Uganda Coffee Development Authority, in collaboration with the MAAIF, District Agricultural Officers, the Districts' Leadership (LCV Chairpersons, LCV Secretary for Production, LCIII Chairpersons) implemented the distribution of coffee plantlets to farmers. As a result of the Monitoring and Evaluation exercise carried out under the programme, the following experiences have been identified:

- i) Farmers' interest to grow coffee is still high despite the current low farm gate prices;
- ii) With assured market for coffee plantlets, production at nursery sites is buoyant and it is hoped that the target to triple the current nursery production levels in the next three years will be achieved;
- iii) The Local Leaders and other stakeholders have internalised the programme and now clearly understand the underlying coffee production fundamentals better than ever before;
- iv) Logistical and support elements, especially, transporting the plantlets to the nearest location, mobilisation, monitoring and supervision of the exercise are vital components of the programme.

Table 3.3 summarises the funds utilisation and coffee planting materials distribution to various districts and/or beneficiaries during the year 2000/2001. A total of 11,170,862 plantlets were distributed, benefiting 1,720 Nursery Operators through supply of plantlets and 155,666 farmers who planted the coffee.

Table 3.4 summarises the elite seed distribution for 2000/2001 and the expected plantlets. A total of 55,602,500 seedlings are expected from the 22 tonnes of seed distributed.

influenced by the extent to which operators water their
col of nursery pests and diseases. In order to stimulate
n, the private sector has been sensitised to produce elite
seed to supplement the supply from the Coffee Research Institute (CORI).

TABLE 3.3 COFFEE PLANTLETS DISTRIBUTION UNDER PAF

DISTRICT	No. of Plantlets Distributed			Plantlets Distributed	Funds Utilised million	Beneficiaries	
	Phase 1 ^a	Phase 2	Phase 3			Nursery Operators	Farmers
Bugiri	15,950	13,750	71,667	101,367	48.360	20	2,274
Bundibugyo	0	48,654	91,738	140,392	43.553	34	2,133
Bushenyi	47,605	20,250	152,491	220,346	76.679	53	5,299
Hoima	26,800	10,500	71,200	108,500	52.135	18	1,185
Iganga	25,800	22,200	30,400	78,400	29.400	22	1,874
Jinja	14,750	14,500	30,400	59,650	31.795	18	1,331
Kamuli	26,250	15,000	106,000	147,250	42.000	27	2,188
Kalangala	20,100	17,500	46,000	83,600	32.040	10	2,157
Kabarole	47,625	54,400	104,552	208,577	72.641	53	4,391
Kamwenge	0	0	50,580	50,580	18.822	10	1,201
Kasese	40,128	22,813	80,000	142,941	28.587	38	2,754
Kibale	12,500	12,500	102,750	127,750	56.530	42	2,187
Kiboga	40,000	13,250	107,900	161,150	48.400	13	2,006
Kyenjojo	0	0	50,580	50,580	18.822	10	1,201
Luweero	86,761	69,175	341,537	497,473	171.929	54	27,637
Masaka	90,367	109,690	331,276	531,333	207.520	100	9,697
Masindi	22,601	0	55,000	77,601	28.467	5	781
Mayuge	0	20,000	20,000	40,000	23.935	4	440
Mbarara	39,200	23,800	163,200	226,000	60.184	29	2,914
Mpigi	98,125	101,250	605,600	704,975	317.094	129	10,538
Mubende	78,650	59,250	396,155	534,055	195.842	75	6,970
Mukono	84,750	78,625	350,387	513,762	189.206	80	5,010
Ntungamo	39,745	57,000	136,215	232,960	75.253	29	4,078
Rakai	26,794	33,450	261,783	322,027	103.841	45	6,066
Rukungiri	57,939	47,700	193,576	299,215	92.101	29	4,730
Wakiso	0	0	187,988	187,988	79.005	23	2,592
Kayunga	0	0	122,100	122,100	44.120	14	2,645
Kanungu	0	0	142,500	142,500	7.019	4	435
Nakasongola	12,500	0	63,400	75,900	17.680	14	832
Sembabule	30,755	22,565	340,950	374,270	113.070	24	2,858
* Kabale	2,000	142,216	207,971	352,187	60.489	90	4,617
* Arua	128,043	50,100	353,850	531,993	84.855	124	3,266
* Kapchorwa	5,400	0	525,400	430,800	132.160	27	3,537
* Nebbi	54,291	9,597	709,385	572,573	145.919	94	4,227
* Kisoro	128,958	99,257	255,719	473,934	76.339	96	4,215
* Mbale	100,000	100,000	468,925	558,945	112.600	74	5,895
* Sironko	0	0	180,770	180,770	18.000	22	987
Yumbe	0	0	44,766	44,796	5.885	13	321
Pader	0	0	44,793	44,793	8.959	8	305
Gulu	25,000	4,050	215,605	254,655	51.311	61	2,308
Kitgum	25,052	0	56,114	612,166	16.253	13	467
Lira	27,762	8,650	85,050	122,482	27.952	18	1,532
Apac	30,000	5,000	46,254	82,354	17.451	12	299
Pallisa	16,000	10,000	55,146	81,166	25.300	18	1,352
Tororo	15,080	10,000	28,500	52,590	17.256	22	693
Busia	4,990	0	84,678	88,168	20.670	2	1,241

			8,170,851	11,047,614	3,147.429	1,720	155,666
Monitoring					124.771		
UCFA					110.800		
					100.505		
					17.000		
G/TOTAL	1,548,271	1,326,692	8,170,851	11,047,614	3,500.505	1,720	155,666

Source: UCDA PAF Records 1999/2000 and 2000/2001 *

Predominantly Arabica Coffee Districts

However, UCDA remains a focal point for distribution of elite seed to nursery operators.

TABLE 3.4 ELITE COFFEE SEED DISTRIBUTION FOR 2000/2001

DISTRICT	1ST SEASON (Nov./Dec. 2000) KILO	2ND SEASON (May/Aug. 2001) KILO	TOTAL AMOUNT OF SEED RECEIVED IN KGS
Bundibugyo	120	400	520
Bugiri	200	300	500
Bushenyi	90	660	750
Hoima	50	250	300
Iganga	150	550	700
Jinja	60	300	360
Kamuli	70	500	570
Kalangala	50	200	250
Kabarole	55	400	455
Kamwenye		200	200
Kasese	70	120	190
Kibale	50	550	600
Kiboga	90	200	290
Kyenjojo		320	320
Luweero	130	500	630
Masaka	90	860	950
Masindi	60	200	260
Mayuge	40	210	250
Mbarara	150	175	325
Mpigi	150	540	690
Mubende	70	500	570
Mukono	190	720	910
Ntungamo	60	200	260
Rakai	50	650	700
Rukungiri	120	300	420
Wakiso	120	1,100	1,220
* Kabale	40	700	740
* Arua	30	450	480
* Kapchorwa	400	640	1,040
* Nebbi	200	400	600
* Kisoro	300	600	900
* Mbale	500	750	1,250
Moyo	20	170	190
Adjuman	20	190	210
Gulu	170	400	570
Kitgum	175	400	575
Pallisa	130	300	430
Pader	90	250	340
Tororo	200	320	520
Apac	176	430	606
Lira	180	420	600
TOTAL SEED	41,916	17,325	22,241
T/PLANTLETS	12,290,000	43,312,500	55,602,500

Mobilisation and Extension Programmes

Despite the usefulness of disseminating coffee information through FM Stations, the costs on private stations became prohibitive and subsequently airing of the programmes on Radio Uganda was adopted since it was cheaper. The programmes are aired weekly as indicated in Table 3.5.

TABLE 3.5 COFFEE PROGRAMME SCHEDULE ON RADIO UGANDA

DAY	LANGUAGE	TIME	CHANNEL	COVERAGE
Tuesdays	Alur	1800 Hrs (6.00 PM)	Red	North Eastern Region
Sundays	Luganda	0730 Hrs (7.30 AM)	Blue	Central Region
Saturdays	Lumasaba	1730 Hrs (5.30 PM)	Butebo	Eastern Region
Sundays	RRRR	0730 Hrs (7.30 AM)	Blue	Western Region

Main Topics covered included:

- Coffee Husbandry Practices;
- Coffee Replanting Programme;
- Coffee Nursery Management;
- Coffee Market Trends;
- Coffee Quality improvement; and
- Coffee Wilt Disease and Management of Coffee Pests and Diseases.

Physical farmer mobilisation and training programmes in the field was done through the District Coffee Co-ordinators, UCDA Management and sometimes the Board. The training sessions emphasised the need for farmers to replace their old coffee trees with the improved high yielding clonal Robusta coffee and hybrid arabica varieties; implementation of control measures against the *coffee wilt disease* and need for coffee quality improvement.

3.6 MID-NORTH UGANDA COFFEE PROGRAMME

3.61 COFFEE PRODUCTION

Coffee planting in the Mid-North continued on a positive trend, especially in the districts of Gulu, Kitgum, Lira and Apac. To date since 1997 when coffee was introduced in the mid North, a total of 1.8 million seedlings or about 1,600 Hectares of coffee have been planted in the region, with 235 Ha in Kitgum; 356 Ha in Gulu; 367 Ha in Lira; 395 Ha in Apac and 247 Ha in Pader districts. Of this, about 400 hectares is at bearing stage and good harvest is expected as from next year. The area coming into production is as follows: Pader 44 Ha, Kitgum 57 Ha, Gulu 133 Ha, Lira 74 Ha and Apac 93 Ha. From the already bearing coffee fields, some coffee is being harvested by farmers rudimentary processed and marketed as roasted and ground coffee, sometimes crossing to the Central Region districts, mostly by traders from Luwero and Nakasongola.

Because the Mid North region is prone to long spells of drought, the **clonal** coffee originally planted in the region during 1996 has not done well. The few clonal coffee shambas that survived continue to show excessive flower abortion and may not be economical due to low yields. However, the elite Robusta coffee is doing well, possibly due to its tap root support system. In addition, provision of shade trees using banana intercrops and/or any other leguminous shade trees (e.g. *Calliandra spp.*), has proved to be

and the environment generally. Shade tree legumes in the region include *Albizia spp.*, *Caliandra spp.*, *Alnus spp.* and *Acacia spp.* (KARI). Kawanda Research Institute (KARI).

In addition to growing with shade crops, farmers have started exploring inter cropping coffee with other traditional crops like Sim-sim, millet and Ground nuts. Given its competitiveness when compared with other crops common in the region, farmers are beginning to look seriously at coffee as a firm alternative source of income. The prospects look good and the way forward is to continue with farmer training for good crop management and creating market avenues for the little harvests so far attained.

3.62 COFFEE NURSERY PROGRAMME

The coffee nursery programme in the Mid North Region continues to progress on a positive trend from a level of 111 in the previous coffee season to about 142 Nursery operators as at close of 2000/2001 Coffee Year (table 3.6). As indicated in Table 3.6, during the 2000/2001 Coffee Year, 844,809 seedlings were produced and 865,482 seedlings planted. There is still high mortality on nurseries due to drought, limited nursery skills and neglect by some nursery operators. Training of nursery operators has been re-focused on nursery management skills in an effort to reduce on the mortality. In addition, each operator receives seed not exceeding 5 kilos which he can readily look after on germination and during the dry season. Findings from the field indicate that a good number of operators, especially the early adopters, have grasped the necessary technologies and skills and as a result, mortality rate on most nurseries is expected to reduce.

Table 3.6 COFFEE NURSERIES ON MID-NORTH REGION

District	No. of Nursery Operators	Plantlets Brought Forward	Plantlets Produced	Plantlets Distributed	Current Status
Apac	10	294,058	102,562	122,000	274,620
Lira	11	503,603	136,365	152,482	487,486
Gulu	58	251,902	415,289	330,000	337,191
Pader	6		76,793	106,000	25,000
Kitgum	57	126,945	113,800	155,000	85,745
Total	142	1,176,508	844,809	865,482	1,210,042

Source: UCDA Nursery Data Base 2000/2001

♦A significant part of the plantlets brought forward from 1999/2000 was lost to a long drought and some nurseries were destroyed by fire.

♦Part of the planted plantlets in Pader were got from the Kitgum after the Pader became a district

♦Much of the plantlets produced during the year will be due for planting in March 2002

❖ **Factors affecting survival of coffee plantlets in Northern Uganda:**

- Delay in potting due to lack of potting materials e.g. polypots, causes germinated seedlings to overstay in seedbeds thus reducing their survival at potting stage;
- Planting is done in one season of the year causing plantlets to overstay in nurseries even when they are ready for planting;
- Long distances from source of water aggravate the problem

3.70 SOCIO - ECONOMIC CASE STUDIES



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socio-economic studies on various underlying factors studies undertaken were on cost of production, Coffee s and diseases. Findings are presented below.

COFFEE WILT DISEASE

were undertaken to estimate the disease incidence throughout the coffee growing districts. The surveillance team comprised UCDA, CORI and MAAIF Technical Officers.

Table 3.7 gives a summary of the disease estimated cumulative incidence level by district to date following its first emergence in 1993.

Table 3.7 STATUS OF COFFEE WILT DISEASE (1995-2001)

	District	Initial Area (ha)	%- Infection	Area affected	Trees Affected
1	Mukono	52,000	0.04	2,080	2,080,000
2	Mpigi	33,000	0.05	1,650	1,650,000
3	Mubende	21,000	0.06	1,260	1,260,000
4	Luweero	16,000	0.12	1,920	1,920,000
5	Kiboga	10,000	0.08	800	800,000
6	Nakasongola	2,000	0.05	100	100,000
7	Kibaale	5,000	0.13	650	650,000
8	Hoima	4,000	0.09	360	360,000
9	Masindi	2,100	0.07	147	147,000
0	Kabalore	2,500	0.55	1,375	1,375,000
11	Bundibugyo	1,500	0.75	1,125	1,125,000
12	Rukungiri	3,000	0.45	1,350	1,350,000
13	Bushenyi	6,000	0.05	312	312,000
14	Ntungamo	4,000	0.05	200	200,000
15	Mbarara	5,000	0.04	200	200,000
16	Masaka	38,000	0.02	760	760,000
17	Kalangala	2,500	0.01	25	25,000
18	Sembabule	3,500	0.04	140	140,000
19	Rakai	8,000	0.01	80	80,000
20	Jinja	5,000	0.02	100	100,000
21	Kamuli	6,000	0.03	180	180,000
22	Iganga	12,000	0.03	360	360,000
	Total/Average	242,100	0.053	15,174	15,174,000

Source: UCDA/CORI DATA (1995-2001) **Initial Acreage:** As given by Agricultural census of 1991

The disease has continued to spread in the 24 of Robusta coffee producing districts of Uganda. The tree loss due to the disease during the years 1999 and 2000 was from 9.4 to 14.5 million trees, an increase of 54%. However by the year end, the cumulative tree loss since the disease was first cited reached 15.2 million trees, an increase of 5% compared to last year. (Table 3.7). This indicates a significant reduction in the rate of infection. Across districts, a similar trend was observed given the past history. The disease has continued to affect only Robusta trees and especially, the old and poorly managed trees. No attacks on arabica have been reported so far. A few cases on its occurrence on clonal coffee have been reported. Suspected underlying factors which could not be favouring further proliferation of the CWD pathogens include:

- a) Changes in weather and environmental patterns within tropical spheres.

avour the disease pathogen proliferation. The year has
ast years.

- c) increased farmers' ability to identify the disease and carry out remedial measures by uprooting and burning of infected trees .

Generally farmers have continued to burn infected trees as the only available short term control measure. Increased parallel planting has mitigated the effects of the coffee wilt disease. Some farmers, have also diversified to other crops as a short term measure to restore their levels of income.

The economic loss is estimated at about 10,640 tonnes, which is equivalent to US \$4 million per annum. This amount of foreign exchange loss has significant economic implications to a poor country like Uganda.

3.72 OTHER COFFEE PESTS AND DISEASES

Besides CWD, other common pests and diseases which affect coffee include Antestia Bug, Coffee berry Disease, Root mealy bugs, Coffee Berry Borer, and coffee leaf rust. Their intensity and severity vary between Robusta and arabica varieties.

Towards the close of the 2000/2001 Coffee Year, the emergence of coffee leaf rust was reported in Mbale. A team of Scientists drawn from Coffee Research Institute (CORI), Uganda Coffee Development Authority (UCDA), Uganda Coffee Farmers Association (UCFA) and Extension Workers, was despatched to the area to assess the magnitude of the problem. It was established that the occurrence of the disease in a devastating form was as a result of lack of regular sprays of coffee by farmers. The current arabica coffee varieties of SL14 and SL18 are susceptible to the disease and losses could go as high as 50% if not contained. Farmers were advised to spray their coffee shambas timely and to always mix copper fungicides with pesticides in order to control diseases and pests in one spraying round.

Generally, in an effort to boost arabica coffee productivity, farmers are therefore encouraged to embark on Spraying against common pests and diseases of economic importance.

Attacks of *Antestia Bug*, *Coffee Berry Borer* and *Coffee Berry Disease* have also been reported in the new arabica districts of Kabale and Kisoro.

In Robusta coffee, especially clonal coffee few incidences of pests and diseases were reported in all the producing districts. Common pests and diseases include *Coffee Berry Borer* (CBB), *Root Mealy Bugs* and *Coffee Berry Disease* (CBD). With good husbandry and light applications of chemicals however, the effects of these could be reduced to a minimum.

3.73 COFFEE PRODUCTION, PROCESSING AND EXPORT COSTS & MARGINS

Sensitivity studies were carried out during the year in order to obtain updates on the costs of coffee production, processing and exports. Findings of these studies are presented below.

COSTS AND MARGINS

...a region, a district and farmers. In each region selected for the survey, one major coffee producing district was purposively selected. From each district, a sample of farmers were selected. For Robusta coffee, the sample included at least 10 farmers with clonal coffee. Districts sampled were Masaka, Bushenyi, Kiboga for Robusta and Mbale for arabica.

Using a semi structured questionnaire, data on costs and margins on coffee production were generated. Additional data were generated through informal and formal exchanges with extension staff, opinion leaders and progressive farmers. Table 3.6 gives a summary of the results.

Table 3.6 COFFEE PRODUCTION COSTS AND MARGINS.

Cost Parameters	Physical Man-days	ROBUSTA		Arabica
		Clonal	Traditional	
1: MAINTENANCE COSTS (shs/ha)				
Weeding, Pruning	240 (<i>clonal</i>)	360,000	-	-
Mulching, Harvesting and Processing	100 (<i>old robusta</i>) 160 (<i>arabica</i>)	-	150,000	-
		-	-	240,000
Subtotal		360,000	150,000	240,000
2. Deprecation of Equip shs/ha).		100,000	50,000	150,000
3. Costs of inputs(shs/ha)	-	100,000	30,000	120,000
Total		560,000	230,000	510,000
Amortization Cost of establishment		50,000	0	0
Total		610,000	230,000	510,000
4.Yield (kg/ha) Kiboko/Parchment		4,000	1,000	650
5. Cost per kg (shs/kg)		153	230	785
Farm-gate price (shs/kg)		270	270	1000
Gross income - shs		1,080,00	270,000	650,000
Farmers' margin (shs/kg)		117	40	215

Source: Field Data, Coffee Industry Data 2000/2001

Coffee production remained profitable at farm level with varying margins depending on costs and yields for the coffee different varieties. The average yield of Clonal Coffee in third year to fifth year of production averaged at 4,000 kilos of Kiboko per hectare. For old coffee trees which are generally 40 years and above, yield averaged 1000 Kilos of Kiboko; and as for Arabica the average yield was 650 Kilos of parchment. The total costs of production for clonal, old robusta and arabica coffee were estimated at Shs. 610,000/=; Shs. 230,000/= and Shs. 510,000/=, respectively. Based on respective yields and costs, the unit production cost per kilo comes to Shs. 153/= for clonal coffee; Shs. 230/= for old Robusta; and Shs. 785/= for arabica coffee during the year.

At the average farm-gate prices of Shs. 270/= per kg of Robusta coffee Kiboko and Shs. 1,000/= per kg of arabica parchment realised during the year, farmers' margins per unit stood at Shs. 117/= (or 43.3%); Shs. 40/= (or 14.8 %); Shs. 215 (or 21.5%) for clonal, old Robusta and arabica coffee respectively, compared to the previous coffee season with respective margins of Shs. 140/-, Shs. 50/- and Shs 450/- per kg of Robusta Kiboko and Arabica Parchment. Clonal coffee continues to gain higher profit margins per unit output as a result of higher productivity compared to old Robusta. In spite of low

tion remains more profitable per unit than both clonal high price.

Compared to the previous years, costs have significantly reduced arising from farmer change in attitude toward resource allocation to coffee. This is because, when prices are good, farmers tend to concentrate more on coffee and allocate excess uncultivated family in a bid to maximise output. At very low prices, farmers tend to rationally allocate their labour in producing crops to supplement the foregone income from coffee at reduced prices. In a situation, farmers have to maximise the use of resources available to them in both coffee and other farm enterprises.

The competitiveness of clonal coffee in terms of costs, margins and revenue levels stems from increased productivity in relation to costs. This makes the per unit cost of production very low, Profit Margin relatively high and Gross Income highest when compared to arabica and old Robusta coffee enterprises. On the other hand, the competitiveness of arabica coffee in terms of Gross Margin and Gross Income stems from the premium price offered over and above the Robusta coffee in the International Market.

II. ROBUSTA COFFEE PROCESSING COSTS AND MARGINS

A random sample of 30 processors from Central and Western Regions was used for the survey on processor costs. During the 2000/2001 coffee season, the processing business remained profitable for the efficient processors, despite the continued fall in world coffee prices. Table 3.7 gives a comparison of the processing cost structure for the current and previous years.

TABLE 3.7 ROBUSTA COFFEE PROCESSING COSTS AND MARGINS PER KG OF CLEAN

COST PARAMETERS	1999/2000	2000/2001
A: COLLECTION COSTS		
i) Farmer-factory	20.00	20.00
ii) Commission	10.00	10.00
iii) Loading and offloading	2.00	2.00
iv) Cost of Gunny Bags	5.00	5.00
Subtotal (cherry)	37.00	37.00
Clean coffee Equivalent at (54/55%) out-turn	68.00	67.00
B: FACTORY COSTS (HULLING)		
i) Salaries	5.00	5.00
ii) Operational Costs	5.00	10.00
iii) Depreciation Costs	10.00	15.00
iv) Sorting Cost at shs 1000/bag	17.00	17.00
v) Processing losses at (2/1)%	10.00	10.00
vi) Administrative Costs	10.00	5.00
Subtotal	57.00	62.00
Total	125.00	129.00
Cost of the Money (10)%	12.50	12.90
Total	137.50	141.90
FARMER PRICE	400.00	270.00
Clean equivalent at (54/55)%	743.00	491.00
Total Processing Costs	137.50	141.90

	880.50	632.00
	950.00	700.00
	69.50	68.00

Source: Coffee Industry Data 2000/2001

Based on costs at processing level, the total costs per kg of FAQ is estimated at Shs. 632/= for 2001 as compared to Shs. 880.50 of the previous year. This includes the farm-gate price in clean equivalent at Shs. 491/= per kg, collection cost of Shs. 67/= per kg and factory (processing) cost of Shs. 147/= per kg. Based on the cost structure and FAQ price of 700 for 2000/2001, the profit margin to processing came to Shs. 68 per kg compared to Shs. 69.50 of the previous coffee season, a reduction of only 2.1%.

III. ROBUSTA COFFEE EXPORT PROCESSING, MARKETING & MARGINS

A random sample of 5 smaller exporters and 5 big ones were used in the survey. Findings are summarised in table 3.8. They indicate that export processing remained profitable, despite the continuous decline in world coffee prices.

TABLE 3.8: ROBUSTA EXPORT PROCESS COSTS AND MARGINS PER KG OF CLEAN

COST PARAMETERS	1999/2000	2000/2001
A: COLLECTION COSTS		
i) Storage Costs		
ii) Commission	25.00	20.00
iii) loading and offloading	20.00	20.00
iv) Cost of Gunny Bags	2.00	2.00
v) Transport Costs	16.70	16.70
Subtotal (I)	30.00	30.00
	93.70	88.70
B: EXPORT PROCESS AND GRADE COST		
i) Salaries + Wages	25.00	10.00
ii) Depreciation / Maintenance Cost	10.00	10.00
iii) Electricity and Water	50.00	60.00
iv) Communication	5.00	1.00
v) Fumigation Costs	10.00	10.00
vi) Bagging Costs	20.00	20.00
vii) Office/ Rental Costs	5.00	5.00
viii) Warehouse Costs	5.00	5.00
ix) Insurance costs	5.00	5.00
x) Transport costs	5.00	5.00
xi) Processing losses (I) % FAQ Value	15.00	15.00
Subtotal (II)	16.00	9.00
Subtotal (III) = (I + II)	166.00	150.00
Cost of the Money at (10)%	260.00	238.70
Subtotal (IV) =	26.60	23.87
	286.00	262.57
D: - FAQ Price (Ushs)	1,000.00	640.00
Export Processing Costs	220.38	262.00
Total Exporter Costs	1,220.38	902.00
Export Price US Cents/kg	0.85	57.00
Exchange rate US\$/Kg	1,600.00	1,750.00
Export receipts	1,220.38	945.00
** Exporter margin	122.00	43.00
Less 1% Export Value as Cess	14.00	10.00
** Net margin	108.00	33.00

Source: Coffee Industry Data 2000/2001

Total exporter costs was estimated at about Shs. 902/= per kg of clean for the 2000/2001, compared to Shs. 1,238/= in the previous coffee year. The relative change in

Increased integration in the vertical chain and cost reductions at a profit. Discussions with most exporters reveal that cost-reducing variable costs were made, including a cut in the number of permanent workers and their benefits as well as reduction in non-core assets.

At the average export price of 57 cts/kilo realised for Robusta coffee during the coffee season, the export proceeds in UG Shillings (at average exchange rate of 1750/= per dollar) is estimated at Shs. 945/= per kg. At the export cost of Shs. 902/= per kg, and Cess of 1 percent, there was a net margin of Shs. 33/= down from Shs. 108 of the previous coffee season. This is a decline of about 70% when compared to Shs. 108/= the export margin realised per Kilo during the previous coffee season. It should be noted that from the above cost and margin analyses in Robusta production, processing and export, coffee business has clearly reached the **critical minimum** for operators to run their business in a profit marking bracket. Any further declines in world prices will hurt the industry's competitiveness for Robusta trading.

IV ARABICA COFFEE EXPORT PROCESSING, MARKETING & MARGINS

A sample of 5 exporters was used in the survey and the results are summarised in table 3.9. The cost reduction in the structure is due to increased integration of market operations in an effort to reduce costs and operate at a profit by most exporters in response to reduced price levels.

Based on average price estimates of arabica clean coffee of Shs. 1,250/= at 80 percent out-turn, process and export grade cost of Shs. 285.59/=; the total exporter cost was estimated Shs. 1,535.59/= per kg of arabica clean. At average export price of US \$ 91 cts/kilo of clean arabica or UG Shs. 1,593/= (at average exchange rate of 1750/= per dollar), with 1 percent Cess, the net profit margin per Kg. was estimated at Shs. 41/= compared to Shs. 122 = per kg the previous coffee season.

Bugisu Co-operative Union still remains the biggest arabica coffee processor/exporter in the country with installed capacity of over 20,000 tonnes. Its operational costs remain relatively higher due to under capacity utilisation of the equipment as the Union now handles about 5000 tonnes annually as new competitors enter the liberalised market. For other exporters however, they entered the industry with low cost, highly efficient machinery (3000-5000 tonnes capacity) which make their business competitive and profitable even at very low out-turn. Their level of expenditure is highly flexible and depends on the scale of operation. The recent adjustments made by Bugisu Union by renting out some of its fixed assets that used to depend on coffee marketing has made it remain competitive. Further reductions in their non-core assets is inevitable if they are to remain so in the near future.

EXPORT PROCESSING COSTS AND MARGINS PER KILO

	1999/2000	2000/2001
t)		
i) Storage Costs	25.00	15.00
ii) Commission	20.00	10.00
iii) loading and offloading	2.00	2.00
iv) Cost of Gunny Bags	16.70	16.70
v) Transport Costs	40.00	30.00
Subtotal (I)	103.70	73.70
B: EXPORT PROCESSING COSTS		
i) Depreciation	20.00	10.00
ii) Electricity and Water	60.00	50.00
iii) Fumigation Costs	10.00	10.00
iv) Bagging Costs	20.00	20.00
v) Processing losses 1.0%	22.10	15.93
vi) Salaries and Wages	45.00	25.00
vii) Communication	5.00	5.00
viii) Office/Rental Costs	25.00	10.00
ix) Ware housing Costs	5.00	5.00
x) Insurance Costs	25.00	10.00
xi) Transport Costs	25.00	20.00
xii) Factory Operational Costs	4.40	5.00
Subtotal (II)	266.50	185.93
Add (I + II)	370.00	259.63
Add Interest rate at (10%)	37.00	25.96
Total	407.00	285.59
C PARCHMENT PRICE (Ushs)	1,300	1,000.00
• Clean equivalent at 80% out-turn	1,625	1250
• Export processing costs	407	2,865.59
Total exporter costs	2,032	1,535.59
• Export Price US Cents/Kilo	136	91.00
• Exchange rate US Cents/Kilo	1,600	1,750.00
• Export receipts	2,176	1,593.00
** Exporter margin	144	57.00
Less 1% Cess of Export Value	22	16.00
** Net margin	122	41

Source: Coffee Industry Data 2000/2001: Note: Some cost have been aggregated in the above structure, reflecting recent changes in coffee market conduct.

CHAPTER FOUR AND REGULATORY

4.11 TECHNICAL EXTENSION SERVICES

Field visits were made to sector participants in all the 46 coffee growing districts. During these visits, extension services in the form of technical advice were extended to the participants geared at the implementation of proper techniques for the production and maintenance of good quality coffee. Over 300 buying stores, 300 hulling factories, 27 export grading plants, 29 exporting companies and 5 roasters were visited and offered technical services.

Demonstrations on good dry processing and wet processing techniques were held at the primary processing level while the buying store operators were shown the proper stores management to avoid quality deterioration. Correct handling, processing and warehouse management were emphasised to the exporters.

4.12 QUALITY IMPROVEMENT/AWARENESS CAMPAIGN

As in the previous season, UCDA in collaboration with local authorities continued with the quality awareness campaign to sensitise the sector participants on quality awareness/improvement strategies. At the primary processing level, the processing of wet Kiboko and/or parchment and the subsequent sun drying of the FAQ in unsuitable drying yards, were emphasised as the major causes of quality deterioration. At the export level, sun drying of the wet FAQ in unsuitable yards and the processing of improperly dried FAQ were noted as the major problem to the coffee quality. It was explained to the millers that the storage of semidried coffee especially in bags or heaps leads to mould formation thus affecting the quality and eventually the prices it fetches.

However, the holding of coffee stocks in Kiboko/parchment form by farmers in anticipation of improved prices on the internal market led to the marketing and processing of well dried kiboko and parchment.

4.13 FIELD QUALITY EVALUATION

Field quality evaluation tests based on the out-turn and screen size distribution parameters were done to have an overview of the yield and quality of the main crop in the various coffee growing areas.

A comparison of the out turn and screen size distribution expressed as a percentage by weight in the past five years for Robusta coffee during the peak season in the respective areas is shown in Table 4.1. Kiboko samples were analysed at the UCDA laboratory at a moisture content of less than 12.5 % and the FAQ was not sorted by density as is done in the factories but by physical analysis.

**OUTTURN AND BEAN SIZE DISTRIBUTION FOR ROBUSTA
COFFEE ZONE: 1996/97 - 2000/2001.**

		OUTTURN	Screen 18	Screen 15	Screen 12	Less than Screen 12
1. SOUTH WESTERN	96/97	56.9	14.8	69.6	14.8	0.8
	97/98	56.1	14.1	67.5	17.6	0.8
	98/99	54.9	8.5	63.5	27.3	0.7
	99/00	54.7	8.9	66.2	23.0	1.9
	2000/1	57.2	11.6	70.3	17.6	0.5
2. WESTERN	96/97	56.5	14.9	70.3	14.3	0.5
	97/98	54.5	11.5	65.2	22.5	0.8
	98/99	50.1	6.9	54.3	36.6	0.2
	99/00	53.7	9.2	63.1	25.8	1.9
	2000/1	53.9	6.7	55.0	36.2	2.1
3. MASAKA	96/97	55.8	14.3	69.6	15.1	1.0
	97/98	56.3	14.9	67.5	17.2	0.4
	98/99	52.8	6.5	56.4	34.9	2.1
	99/00	55.1	8.9	66.2	23.0	1.9
	2000/1	57.6	14.9	68.6	15.7	0.8
4. CENTRAL	96/97	55.8	13.5	68.5	17.2	0.8
	97/98	56.2	14.4	67.9	17.4	0.3
	98/99	52.2	9.3	59.1	30.1	1.5
	99/00	54.3	10.8	65.1	22.9	1.2
	2000/1	55.6	7.8	64.3	26.2	1.7
5. EASTERN	96/97	54.7	13.7	69.8	15.7	0.8
	97/98	55.1	12.8	64.6	21.8	0.8
	98/99	51.5	6.6	57.6	34.2	1.6
	99/00	55.4	9.5	63.7	25.6	1.2
	2000/1	50.0	7.0	57.5	34.1	1.4

*** ROBUSTA COFFEE ZONES**

SOUTH WESTERN - Ntungamo, Mbarara, Bushenyi, Rukungiri & Kasese .

WESTERN - Kabarole, Kyenjojo, Kibale, Hoima, Kiboga & Mubende districts.

MASAKA - Masaka, Rakai, Sembabule and Kalangala districts.

CENTRAL - Mpigi, Luweero Kayunga and Mukono districts.

EASTERN - Jinja, Mayuge, Iganga, Kamuli and Bugiri districts.

The results indicated a variation in the yields in the zones. The South-western and Masaka zones that generally received plenty of rains showed a good yield in terms of both outturn and screen distribution. The analysis indicated a higher percentage of screen 18 and 15 and a reduction in screen 12 in these areas. The Central, Western and Eastern zones showed a lower outturn which was attributed to insufficient rains during bean growth and development. In the latter zones, there was generally an increase in screen 12 at the expense of mainly screen 15.

TABLE 4.2 COMPARATIVE OUTTURN OF WASHED ARABICA: 1996/97 - 2000/2001.

AREA	96/97	97/98	98/99	99/00	00/01
1. Mbale	80	81	81.3	82.4	79.9
2. Kapchorwa	78	80	81	82	80.5
3. Nebbi	77	79	80	80.1	80
4. Kisoro	-	-	81	81.4	81.1

Table 4.2 shows the comparative outturn for washed Arabica coffee over the years in the districts of Nebbi, Kapchorwa and Mbale. The outturn in Mbale and Kapchorwa declined as a result of poor crop husbandry, pests and diseases, and lack of farm inputs.

newly planted areas of Kisoro continues to show a good

4.17 REGISTRATION

A total of 283 sector participants were registered during the year as shown in Table 4.3. There was a decrease in the registration of sector participants at all levels particularly the hulleries. The decrease was attributed to the reduced number of active participants due to the low prevailing prices. Since the 1999/00 season registration of the buying stores was divested to the local authorities.

TABLE 4.3 COMPARATIVE REGISTRATION OF SECTOR PARTICIPANTS

CATEGORY	1996/97	1997/98	1998/99	1999/00	2000/01
1. Exporters	60	46	40	35	29
2. Export grade factories	25	29	30	27	27
3. Hulleries	233	382	364	284	224
4. Buying Stores**	171	269	286	69	
5. Roasters	3	6	7	5	3
Total	492	732	727	419	283

Note ** the registration of buying stores was divested to local authorities since last year.

Export marketing attracted only three new entrants during the season. The number of renewals and total registered exporters also continued to decline, a trend that has continued from 1996/97 to-date as shown in Table 4.4. The number of dormant exporters rose from 3 in the previous season to 5 of which one was a new entrant. There was a drop in the percentage of active exporters from the previous year.

TABLE 4.4 COMPARATIVE REGISTRATION AND ACTIVE NUMBER OF EXPORTERS FOR THE PERIOD: 1996/97-2000/01.

CATEGORY	1996/97	1997/98	1998/99	1999/00	2000/01
1. REGISTRATION					
a) Renewal					
b) New					
c) Total					
d) Cumulative					
	50	39	33	30	26
	10	7	7	5	3
	60	46	40	35	29
	179	186	193	198	201
2. PERFORMANCE					
a) No. Exporting					
b) No. Dormant					
c) %- age of Active					
	58	42	38	32	24
	2	4	2	3	5
	96.7	91.3	95	91.4	83

4.20 COFFEE EXPORTS

4.21 EXPORT PRE-SHIPMENT INSPECTION, EVALUATION AND CERTIFICATION

and evaluation of export lots, a total of 3,074,773 bags which 13,657 Quality Certificates and ICO certificates of origin. This compares with the comparative number of Export Documents issued in the period 1997/98 to 2000/2001 seasons.

TABLE 4.5 EXPORT DOCUMENTS ISSUED AND EXPORT VOLUME: 1997/98 - 2000/2001.

DOCUMENT ISSUED	1997/98	1998/99	1999/2000	2000/1
1. Quality Certificate	5,766	7,192	6,114	7,041
2. ICO Certificates of Origin	6,330	7,375	7,713	6,616
3. Volume of exports (60 Kg bags)	3,032,338	3,647,969	2,917,257	3,074,773

4.22 COFFEE REFERRED FOR REPROCESSING

A total of 154,169 bags of coffee which did not meet the required export standards were referred for reprocessing. Table 4.6 compares the total number of bags referred for reprocessing and the percentage variation of the faults in the period 1997/98 to 2000/01.

TABLE 4.6 NUMBER OF DEFECTS IN REFERRED COFFEE: 1997/98 - 2000/2001

FAULT	1997/98		1998/99		1999/00		2000/01	
	BAGS	%AGE	BAGS	%AGE	BAGS	%AGE	BAGS	%AGE
1. Wetness	145,508	34.3	81,028	45.4	43,110	50.6	73,657	47.8
2. Poor Retention	30,239	7.1	26,360	14.8	26,817	31.5	30,299	19.7
3. Discoloured & Blacks	162,197	38.2	43,159	24.2	13,785	16.2	45,235	29.3
4. Floats/BHP	37,415	8.8	8,869	5	900	1.1	1,850	1.2
5. Pods	38,749	9.1	14,316	8	280	0.3	2,308	1.5
6. Extraneous matter	10,552	2.5	4,670	2.6	300	0.3	820	0.5
TOTAL	424,660	100	178,402	100	85,192	100	154,169	100

As in the previous season, the major cause for referrals was wetness accounting for almost 48%, followed by discoloureds/blacks and low retentions. However, there was a percentage decrease in referrals due to wetness and screen retentions from the previous season which is a reflection of improved quality awareness among sector participants. There was a percentage increase in the discoloureds and blacks which is an indication of poor handling and inadequate colour sorting. The coffee which was dried and/or reprocessed to export standards was later allowed for shipment and is part of the total exports of 3.07 million.

4.23 LIQUOR OF EXPORTED COFFEE

Table 4.7 and Chart 4.1 show the liquoring report of the Robusta standard grade coffee exported. Nearly 90% of the total cups liquored were clean compared to 85 % in the previous season.

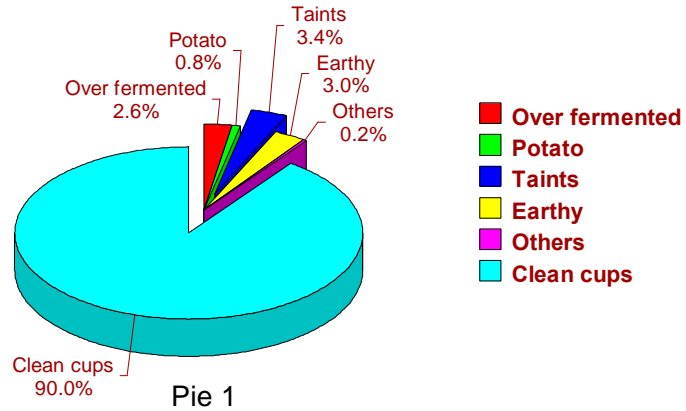
TABLE 4.7 LIQUORING REPORT FOR THE ROBUSTA STANDARD GRADE IN 2000/01

MONTH	TOTAL CUPS LIQUORED	TOTAL CLEAN CUPS	% CLEAN CUPS
OCT..	534	500	93.6
NOV..	919	814	88.6
DEC	737	679	92.1
JAN	1,526	1,378	90.3
FEB..	768	665	86.6
MAR	294	249	84.7
APR	602	513	85.2
MAY	623	538	86.4

1,288	1,174	91.1
1,415	1,293	91.4

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Chart 4.1: cup taste for Natural Robusta

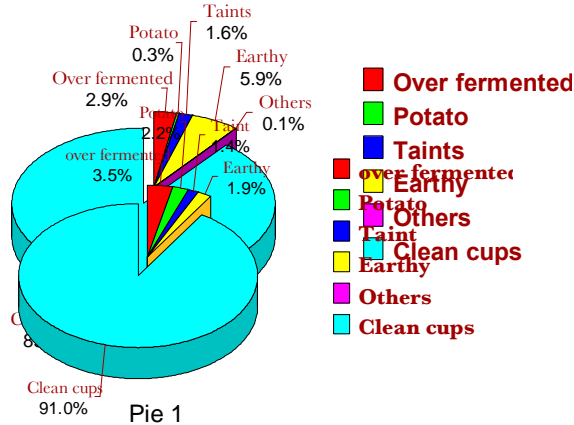


AUG..	929	812	87.4
SEPT.	756	735	97.2
TOTAL	10,391	9,350	89.6

As is evident from Chart 4.1 below, the major defects were Taints 3.4%, Earthiness 3.0% and Overfermentation found in the Natural Robusta cup.

cup taste for Drugars

Chart 4.4: cup taste for Wugars

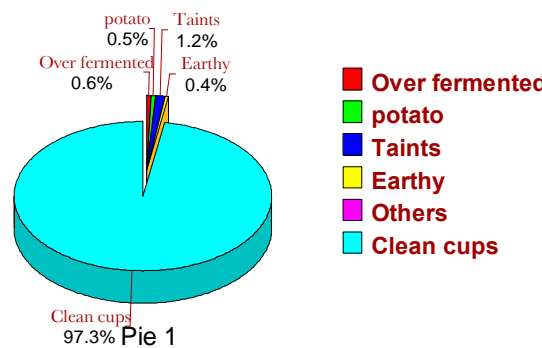


During the year the liquoring report arabica coffee grades was as shown in Charts 4.2, 4.3, and 4.4. The level of clean cups were as follows: 96.0% Bugisus 97.3%, Drugars 89.2% and Wugar 91.0 %

as indicated in the respective Charts below.

The major defects in Drugar were earthiness followed by overfermentation and taints. Among the Bugisus, taints followed by overfermentation, potato and earthiness were most prominent. Overfermentation followed by the potato and earthiness were the major

Chart 4.2: cup taste for Bugisus



defects in the Wugars. All these defects are mainly attributed to poor handling and storage practices.

4.24

EXPORTER QUALITY EVALUATION

As in the previous season, exporter quality evaluation was made based on several parameters namely the state of the export processing plant, quality system employed, number and experience of quality controllers employed, laboratory equipment and especially the quality of coffee procured and exported.

TABLE 4.8

EXPORTER QUALITY EVALUATION

SMALL EXPORTERS	
	1. Unex
	2. B.C.U.
3. Kawacom	3. Nsamba
4. Kyagalanyi Coffee	4. CETCO
5. Kampala Domestic Stores	5. Nakana

The exporters were grouped into two categories: big for those firms whose annual exports were 100,000 bags and above and small for exports below 100,000 bags. Ms UGACOF and UNEX were rated the best performers of the year in their respective categories as in Table 4.8, a lead they have maintained over the past three years.

4.30 PROJECTS

4.31 COFFEE QUALITY ENHANCEMENT THROUGH PREVENTION OF MOULD GROWTH

A one week workshop on Mycotoxin analysis and identification of mycotoxin producing fungi in coffee with particular reference to OTA producers was held at UNBS laboratories, Nakawa. There were 12 participants drawn from UNBS, CORI, Makerere University and UCDA. The microbiology team from UCDA also received training in laboratory analysis and a Mycology handbook for the project was compiled.

Under the project, a total of 8 sinar moisture analysers, 5 sinar sampling spears, 2 Computers and accessories, 2 printers, Laboratory glassware and Chemicals were received. This equipment is already being used.

4.32 SPECIALTY AND GOURMET COFFEE

The Gourmet pilot project that ended in May 2000 created growth and organisational capacity in the production of coffee for the Specialty market. A number of individual farmers and groups have shown enthusiasm for the production of Washed Robusta and Bugisu Arabica for the Specialty market. In particular, Washed Robusta production from an association of farmers in Kibinge, Masaka and from Nanga Farm Ltd. in Mukono increased from 300 bags produced last season to 1,195 bags exported this year which fetched a premium of 60 US cents per kilo.

Bugisu Arabica exports to Japan introduced under the project have also increased. This year a total of 600 bags of Bugisu Arabica AA were sold directly to a Japanese Specialty Retail Shop.

In April 2001, UCDA exhibited Bugisu Arabica and Washed Robusta along with Organic coffees, and newly introduced export grades, screens 17 and 14, at the American Specialty Coffee in Miami-Florida, USA. Similarly, in June 2001, the same products were presented at the Tea and Coffee World Cup in Amsterdam, Netherlands. More companies in addition to those already importing and using Bugisu Arabica have showed tremendous interest in Uganda Specialty coffees. During the 2000/2001 coffee season, 10,136 bags were exported as compared to 4,010 bags recorded last year. This represents a significant increase in sales to the Specialty market of 153% as shown in the Table 4.9 below.

TABLE 4.9 SALES TO SPECIALTY MARKETS.

COFFEE SEASON	SALES (60 kg bags)
1995/96	1,200

	4,500
	5,175
	7,590
1999/2000	4,010
2000/2001	10,136

4.33 ORGANIC COFFEE

The organic coffee project was extended to Kaserem, Sipi and Tegeres in Kapchorwa district where over 1000 farmers were registered. This is in addition to the 5,000 farmers already registered under the project in Nebbi and Bushenyi districts. Despite the declining world coffee prices, the project farmers earned a premium of over 150/- per Kilo, an equivalent of 9 US cents, above the traditional coffee. This has helped to enhance quality improvement in these districts. During the year, a total of 6,085 bags of organic coffee were sold to the international market at an average premium of 25 cts/Kilo.

4.34. TRAINING OF QUALITY CONTROLLERS

During the year, a total of 48 quality controllers were trained in basic quality control systems as indicated in table 4.10 below. Of these, 19 were from the industry and 29 from tertiary institutions.

TABLE 4.10 TRAINEES IN BASIC QUALITY CONTROL TECHNIQUES

YEAR	Export Sector	INSTITUTIONS	Totals
1993/94	5	-	5
1994/95	14	4	18
1995/96	24	-	24
1996/97	21	14	35
1997/98	4	4	8
1998/99	13	17	30
1999/2000	56	17	73
2000/2001	19	29	48
TOTAL	156	85	241

The course has continued to attract students from the Department of Food Technology Makerere University.

CHAPTER FIVE

FREE RESEARCH

5.1 INTRODUCTION

The research activities reported under this chapter were carried out at the Coffee Research Institute (CORI). Research has continued to focus on the coffee wilt disease (CWD) under the project Management of Coffee Wilt Epidemic in Uganda. Effort at developing a biological control protocols for the coffee berry borer also continued.

5.2 RESEARCH GOAL AND OBJECTIVES

The goal of coffee wilt research is to reduce losses due to the disease, thus reducing poverty and enhancing food security at farm and national level. The specific objectives are to: -

- Quantify losses due to the CWD at farm and national level;
- Conduct training and sensitization of stakeholders on the importance of CWD and the options available for its management;
- Carry out studies on the etiology, pathogenesis and epidemiology of CWD;
- Evaluate effectiveness of available control measures, and to devise procedures for chemical and cultural control of CWD;
- Screen coffee germplasm for resistance/tolerance against CWD;
- Breed for resistance/tolerance against CWD; and
- Rapidly multiply, transfer and distribute appropriate technologies to combat CWD and its effect.

5.3 RESEARCH FOCUS

The major areas of focus in coffee wilt research are:

- i) Multiplication, transfer and distribution of appropriate technologies for combating CWD;
- ii) Studies of the etiology, pathogenesis and epidemiology of CWD;
- iii) Screening coffee germplasm for resistance to CWD;
- iv) Adaptation trial for new clonal varieties of Robusta coffee.

5.4 ACHIEVEMENTS

5.41 MULTIPLICATION, TRANSFER AND DISTRIBUTION OF APPROPRIATE TECHNOLOGIES TO COMBATING COFFEE WILT DISEASE

a) Multiplication and transfer of lowland wilt resistant Arabica coffee varieties:

-

New Arabica coffee cultivars comprising Catimors from Papua New Guinea (PNG), Ruiru II from Kenya, other materials from Ex-Cooke Islands and some from an unknown origin, locally coded as Elgon A, B, C, D, F and G, introduced into the country during the period 1991-1994, were successfully evaluated for yield, growth habits, quality, resistance to leaf rust, red blister and coffee berry diseases in field trials at Kawanda, Buginyanya and Bugusege. These materials were further evaluation for resistance to the

use and found to be resistant. Based on the promising low medium altitude and their resistance to the wilt disease planting materials for multi-location on-farm trials. 30 kilos (3000 seed/kg) PNG seed was planted in the nursery bed at Kituza in 2000. An additional 16 kg was planted during February, 2001. To-date, a total of 20,000 seedlings have been potted.

The average yields (kg c.c./ha) of the Papua New Guinea (PNG) varieties NG9257, NG9258 and NG9260 at Kawanda were 1041,1060, 941 respectively, and at Bugusege were 3606, 4394, 5366 respectively, while the current commercial varieties (SL14 and KP423/Bugisu local) yielded (kg c.c./ha) 141 and 240 respectively at Kawanda and 2323, 2363 respectively at Bugusege. The PNG varieties were tolerant to leaf rust, therefore justifying their suitability for low-medium altitude where CLR is a problem. They however succumbed to CBD. At Kawanda and Bugusege, individual PNG varieties varied in liquor quality. About 60% of SL14 and KP423 seed size was above average screen (15% retention) while over 60% of the PNG varieties were mainly of average screen.

Table 5.1 Details of Allocation of PNG Seedlings to Farmers by District

District	No. Of Farmers	Total Plants	Remarks
Wakiso	5	910	CORI had no funds to establish on-farm Trials, hence interested farmers collected Plants from Kituza for planting.
Mukono	3	125	
Mbale	1	300	
Busia	1	250	
Tororo	1	150	
Masaka	1	450	
Total	12	2,185	

b) Multiplication of wilt resistant robusta coffee lines

Maintenance and training of 64 wilt resistant robusta coffee lines planted in a mother garden at Kituza continued. The resistant lines comprise 4 survivors from ‘wilt hot’ areas and 60 survivors from on-station collections. During the reporting period there was a maiden harvest and 448 cuttings were harvested from 53 out of the 64 mother bushes. The cuttings were planted in a coffee nursery to generate clones for further evaluation. More 38 seedlings consisting of 36 from on-station collections and 2 from wilt ‘hot spot’ areas and 13 clones of collections from wilt ‘hot spot’ areas were planted in a mother garden at Kituza

c) Multiplication of good quality, high yielding and wilt resistant robusta x arabica F1 interspecific hybrid clones

365 cuttings were harvested from 9 out of 10 selected good quality, high yielding and wilt resistant robusta x arabica lines and planted in a coffee nursery at Kituza to raise planting materials for further evaluation. 206 mother bushes out of 500 bushes required for a mother garden of these lines was planted at Kituza. Plants from only 9 out of 10 lines were planted. A field trial of the same lines planted in wilt infected garden at Kituza was maintained.

commercial robusta coffee lines for wilt free

As a mitigation plan, government supports cultivation of coffee in the non-traditional coffee growing districts of northern and eastern Uganda. There is also plan to plant more coffee in non-infected fields within the traditional robusta growing districts that have been plagued by coffee wilt. This has created substantial demand for planting materials, both in form of clonal cuttings, seedlings and seeds. The coffee research institute is the main producer of improved coffee seed. During the reporting period CORI prepared and issued out 330 thirty kilos of robusta seed to farmers at a cost. The institute also raised and issued out 7,500 clones and 14,800 seedlings of robusta.

e) Multiplication of current commercial arabica coffee lines

As a mitigation plan, government also supports replanting and expansion of arabica coffee in the traditional districts of Mbale, Kapchorwa, Kabarole, Kasese, Kabale, Kisoro and Nebbi. During the reporting period 1,090 kilos seed of SL14 variety were produced at Buginyanya and 100 kg of KP423 seed were produced at Bugusege.

f) Field evaluation of tissue culture generated coffee plants

Field evaluation trial of robusta coffee plants generated by tissue culture through somatic embryogenesis planted Kawanda and Kituza continued. Yield during the cropping year was generally very low because of poor field management emanating from lack of funds. Although the seedlings had better yields followed by tissue culture generated plants, this difference is statistically significant ($p=0.05$). The difference between varieties for each of the planting materials was also not statistically significant at $p=0.05$ (Table 2).

Table 5.2 **Yield of Tissue Culture generated Plants and their Clonal parents & Seedling progenies during coffee cropping year 2000/01.**

Variety	Clonal Cuttings	Seedlings	Tissue Culture Plants	Mean Yield
1 ^s /2	601.7	911.2	812.0	775.0
1 ^s /3	565.4	519.2	954.5	679.7
1 ^s /6	525.5	804.8	1,042.6	791.0
223/32	869.2	750.5	812.9	810.9
257/58	826.7	1,012.7	420.2	753.2
258/24	795.0	958.8	526.9	760.2
Average Yield	697.3	826.2	761.5	

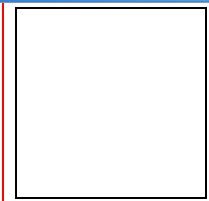
Coffee bean samples were prepared and submitted for liquor and bean quality analyses at UCDA laboratories. Results of quality analysis are not yet ready.

5.42 STUDIES OF ETIOLOGY, PATHOGENESIS AND EPIDEMIOLOGY OF CWD

The major activities continued to streamline inoculation techniques for screening for resistance to CWD. These were investigated under the experiment described below.

(a) Evaluation of inoculation methods/ techniques for screening breeders' materials for resistance to CWD

(i) Screening procedures:



ed include root dip, stem wounding, infested soil, inoculations. Uniform potted seedlings or cuttings of 4 – standard inoculum of 1.3×10^6 conidia/millilitre was used in all inoculation experiments.

- From several experiments, root dip emerged the most appropriate and was adopted for routine use for resistance screening and other experiments at Kituza.

(ii) Optimum inoculum density

The inoculum densities tested were 1.3×10 , 1.3×10^2 , 1.3×10^3 , 1.3×10^4 , 1.3×10^5 , 1.3×10^6 , 1.95×10^6 , and 2.6×10^6 . Inoculation was done using root dip method.

Infection occurred with all inoculum concentrations tested. The lowest concentration (1.3×10 conidia/ml) had the longest incubation period (78 days) and also the lowest incidence of CWD (33%). Increase in inoculum concentration resulted in reduced incubation period and increased wilt incidence up to 1.3×10^4 conidia/ml. Any of the three inoculum densities 1.3×10^3 , 1.3×10^4 and 1.3×10^5 could be adopted for routine use in screening. There is probably very little advantage in adopting higher concentrations. The effect of inoculum concentrations on robusta coffee seedlings is indicated in Figure 1.

Figure 1. Effect of inoculum densities on incidence of CWD on robusta coffee seedlings under screen house conditions at Kituza.

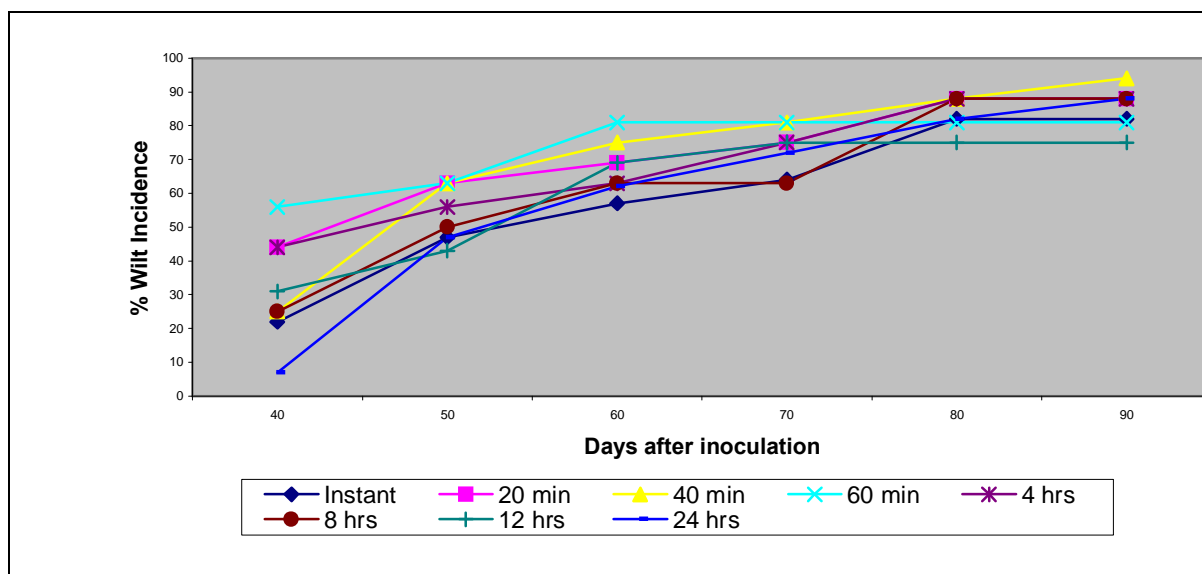
(iii) Exposure time or duration of root dipping using spore concentration of 1.3×10^6

There was need to define the time period required to sufficiently expose the roots to inoculum in order to get infection, and to avoid over exposure to inoculum. The optimum exposure time for root dipping was investigated as follows in the Kituza screen house:

Instant root dip (dipped and immediately withdrawn), 20, 40, and 60 minutes, 4, 8, 12 and 24 hours were investigated using seedlings of 5 – 6 months old.

All seedlings were infected; even those dipped and immediately removed from inoculum. There was more variation in wilt incidences within the different exposure times 40 days after inoculations. However, from 50 days onwards the trend was very similar. From 80 to 90 days following inoculation date, there was little variation in wilt incidences with exposure time. Instant root dip attained mean wilt incidence of 82% and incubation period of 46 days. Results indicate no advantage in leaving plants in inoculum for more than 20, 40, or 60 minutes (CWD incidence of 88% and incubation period of 52 days) compared to 24 hours with mean incidence of 88% and incubation period of 55 days. Shorter exposure time allows more plants to be inoculated on the same day and hence speed up the process. It is therefore recommended that 40 to 60 minutes' exposure is considered sufficient for screening, with a maximum of 4 hours if so desired. The details are shown in Figure 2 below.

Time on CWD incidence on robusta coffee Screen house conditions at K ituza.



(b) Effects of CWD on robusta seed germination

Seeds were planted on sand in trays, according to their disease gradient on 20/10/2000 and the same repeated in March 2001 and kept in the screen house at Kituza. Germination occurred about 4 - 5 weeks from planting. Details are shown in Table 3.

Table 5.3 Germination of Coffee Seeds collected from healthy, mildly & severely diseased trees at Kituza and Kibale

Seed Source	No. Seeds Planted	No. germinated	%-ge germination
Healthy trees	400	368	92.0
Mild infected trees	400	286	71.5
Severe/dead trees	400	242	60.5

From the results, CWD attack appears to have adverse effects on coffee seed germination. The more severe the symptoms on the mother bushes, the lower the seed germination. This could be attributed to the fact that when the trees are attacked, supplies to the developing berries are stopped or considerably reduced. Consequently, only berries that were fully developed at the time of wilt attack are able to germinate.

(c) Detection of seed-borne fungi by Agar Plate Method:

Coffee seeds collected (800) from severely wilted and dying robusta coffee trees from Kituza and Kibale were plated on Potato Dextrose Agar (PDA). After an incubation period of 7 days, microscopic examination of fungal colonies present on each seed was recorded and the percent incidence of each fungus in the sample was computed. The results are shown in Table 4.

F. xylarioides was not detected on 800 coffee beans/seeds examined so far from severely diseased coffee bushes from two locations. The most abundant species on coffee beans was *F. stilboides*, followed by *Colletotrichum gloeosporioides* and *A.niger*.

5.42 **Effectiveness of fungicides on seeds picked from severely diseased robusta coffee**

	% infected seed	% - infected seed
	Untreated seeds (400)	Treated seeds (2% Jik) (400)
<i>F. xylarioides</i>	0	0
<i>F. stilboides</i>	47	17
<i>F. lateritium</i>	22	5
<i>Aspergillus</i>	8	0
<i>A. niger</i>	24	5
<i>A. flavus</i>	18	3
<i>Colletotrichum gloeosporioides</i>	25	7
<i>Colletotrichum spp.</i>	16	5
<i>Other spp. Not identified</i>		

(d) Inoculum storage using soil

This study was done to develop a cheap and convenient way of storing CWD inoculum.

The pathogenicity of *F. xylarioides* stored in sterile soil under room temperature in the laboratory since 1997 was tested on robusta coffee seedlings together with freshly isolated inoculum from stem tissues. The inoculations were done on December 20, 2000 and repeated on March 2001. Wilt incidence was higher (35%) 40 days from inoculation and also 90 days (100%) from inoculation among inoculated seedlings stored in soil than from freshly made inoculum with incidences of 25% and 70% at 40 and 90 days from inoculation respectively.

5.43 EVALUATING EFFECTIVENESS OF CONTROL METHODS FOR CWD

Two systemic fungicides Benomyl/Benlate and Cercobin, and 3 other organic materials Bioforce, Biofungicide 1 and Biofungicide II were evaluated. Also included in the tests was a farmer’s concoction of ash and herbs.

Benomyl and Cercobin inhibited spore germination and growth of the fungus at high concentrations (1:10). At very low concentrations (1:10,000; 1:100,000) both fungicides encouraged growth and sporulation of the wilt pathogen. Bioforce had no effect at all on the fungus at all concentrations tried, and instead stimulated more growth and sporulation in the fungus than the control where no chemical was included. Ash and herbs did not inhibit growth or sporulation of the fungus.

However, all the materials were evaluated for their protective (preventive) and curative activities on CWD in potted seedlings of 5 –6 months under screen house conditions.

To test for preventive activities, the materials were applied as a drench (50 ml/seedling) 3 times at 2 weekly intervals before inoculation with the disease pathogen. For curative effects the seedlings were first inoculated with the pathogen, followed by application of the materials at the first symptoms of wilt 36 –40 days from inoculation. Two weekly applications of the materials followed for a total of 4 applications.

Only Benomyl (3 gm wettable powder/litre of water) had mild preventive effect on wilt. However, these effects were maintained only if applications of the fungicides were sustained. As soon as fungicide applications were discontinued, wilt symptoms appeared

0 days while Cercobin and other materials exhibited no

Cercobin (1 ml of concentrate/litre of water) had some curative effect, which again had to be maintained when a sustained application of the fungicide was done. Benlate and the other materials had no curative effect at all. Use of these materials at the rates applied did not provide effective control of coffee wilt disease under screen house conditions. The implications are that under field conditions, conditions may be very different and a higher and possibly more frequent applications may be required to control the disease. This has cost implications.

5.44 SCREENING GERmplasm FOR RESISTANCE AGAINST CWD

(a) Screening robusta coffee germplasm for resistance against CWD

Data collection on 1,718 seedlings of 85 lines of robusta coffee from CORI gene-bank being screened in the screen house at the Coffee Research Institute for resistance against coffee wilt disease was terminated and the survivor seedlings re-inoculated. Results show there was variation in response to the wilt infection between and among the lines. All seedlings of 38 lines died but 125 seedlings of 47 lines resisted the disease. This variation is an indication of quantitative resistance to coffee wilt disease among robusta coffee germplasm. The 125 survivor seedlings of the 47 lines were re-inoculated in May 2001 to validate results of the first infection.

148 seedlings of 51 cultivars of robusta coffee from the CORI gene-bank re-inoculated in September 2000 were planted in a mother garden at Kituza. Survival rates are higher during re-inoculation, in some cases 100% but in general, nearly 65% survived.

Assessment of response of 21 clonal collections/lines and 727 seedlings of 5 collections/lines from wilt 'hot spot' areas inoculated in September 2000 continued. Preliminary results show that incidence of resistance to coffee wilt disease is higher among seedlings of collections from wilt hot than seedlings of on-station collections. Only one sample from Kanyantorogo could be resistant to the CWD. These results have to be verified by re-inoculations.

Survivors of plants from 10 clonal lines and 3 seedlings of 2 lines re-inoculated in September 2000 were planted in a mother garden at Kituza. Data collection continued on volunteer seedlings from wilt infected spots at Kituza and from other hot spot areas in Kasanda inoculated in March 2001.

b) Screening arabusta coffee hybrids for resistance against coffee wilt disease

Assessment of 22 clones selected from arabica x robusta F1 interspecific hybrid progenies inoculated with *Fusarium xylarioides* continued in the screen house at Kituza. Response of the clones is shown in Table 10. The robusta x arabica hybrid clones and arabica controls were found resistance to the coffee wilt disease under screen house conditions. A field trial was planted in wilt infected gardens (disease nursery) at Kituza to validate the screen house results. Coffee samples from mother trees of the hybrid clones were analyzed at UCDA for quality. Results of the quality analysis together with other attributes are also shown in Table 5.

Basing on combined results of all the attributes assessed, 10 lines were recommended for multiplication and further evaluation on-farm. Consequently a mother garden of 50



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planted at Kituza and more cuttings are being raised in
field trials in wilt infected areas. Data collection
in May 2001

quality of selection of F1 interspecific hybrid progenies of crosses between arabica and robusta

	dead due to cwd	incidence	Rust incidence	Yield (kg/ha)	100 bean wt	screens □			Roast	Body	Acidity	Flavour	Remarks
						18	15	12					
3/71 CS 20X(35/2X134/4-62/2)	0	0	0	4,435	22.2	50.1	95.6	99.3	ordinary	Fair	Light	Poor	Fail
3/71/CS 20X(35/2X134/4-62/9)	0	0	0	2,106	19.5	56.1	95.9	99.3	ordinary	Fair+	Light	Poor-musty	Fail
3/71 CS 20X(35/2X134/4-62/10)	0	0	0	3,478	20.1	48.8	94.5	99.3	ordinary	Fair -good	Lacking	Fair+	Passed (R)
3/71 CS 20XH148/11	0	0	0	2,253	18.5	71.4	94.6	99.8	ordinary	Fair	Medium	Fair++	Passed (A)
3/71 CS 20XH148/12	0	0	0	2,812	20.2	38.7	96.1	99.5	ordinary	Light	Light++	Fair O.F	Passed (A)
3/71 CS 20XH148/15	0	0	0	4,452	21.2	52.9	96.5	99.3	ordinary	Fair-good	Medium	Fairly-good	Passed (A)
245/25 CS 20XH148/3	0	0	0	2,289	18.2	20.2	88.2	99.5	ordinary	Fair	Medium	Fairly-good	Passed (A)
245/25 CS 20XH148/9	0	0	0	1,980	25.6	50.8	96.9	99.4	ordinary	Fair	Medium	Fairly good	Passed (A)
245/25 CS 20XH148/10	0	0	0	3,061	19.3	38.9	90.0	99.2	ordinary	Fair-good	Medium	Good	Passed (A)
245/25 CS 21XH148/7	0	0	0	2,576	20.9	39.4	95.6	99.1	ordinary	Good	Medium	Good	Passed (A)
236/26 CS 14XrUME 14/1	0	0	0	4,212	17.2	39.3	94.5	99.1	ordinary	Fair	Light	Poor/better	Fail
236/26 CS 14XRume 14/9	0	0	0	1,995	20.6	16.6	85.8	99.6	-	-	-	-	-
236/26 CS 14XRume 14/10	0	0	0	1,850	20.0	14.4	87.2	98.9	ordinary	Fair	Light	Good	Fail
236/26 CS 14XRume 14/12	0	0	0	2,631	21.4	8.3	80.9	99.5	ordinary	Fair+	Light	Fair	Passed (R)
236/26 CS 19XRume 14/2	0	0	0	1,932	21.5	29.0	93.1	99.3	ordinary	Fair	Light	Poor	Fail
236/26 CS 19XRume 14/14	0	0	0	3,376	25.4	33.6	95.2	99.2	ordinary	Fair	Light	Poor	Fail
236/26 CS 19XRume 14/20	0	0	0	1,833	22.8	68.3	94.9	99.6	ordinary	Fair++	Light	Fair/Sour	Fail
236/26 CS 13-69XSL14/28/2/9	0	0	0	1,862	26.5	74.8	97.2	99.6	ordinary	Fair-good	Medium+	Good	Passed (A)
236/26 CS 13-69XSL14/28/2/2	0	0	0	1,922	21.0	60.0	95.0	99.2	ordinary	Good	Medium++	Good	Passed (A)
236/26 CS 9XRume 14/7	0	0	0	1,815	22.1	88.0	90.5	99.0	ordinary	Fair	Light	Poor	Fail
236/26 CS 9XRume 14/9	0	0	0	2,083	20.8	17.0	93.8	98.6	ordinary	Fair	Light	Fair	Fail (int)
236/26 CS 9XRume 14/12	0	0	0	2,361	24.6	31.8	95.5	99.5	ordinary	Fair-light	Lacking	Fair	Fail
236/26 CS 9XRume 14/14	0	0	0	2,311	23.7	32.3	88.8	99.5	ordinary	Fair+	Light	Fair	Fail (int)
1/15 CS 13 H148/5	0	0	0	2,207	21.3	58.9	95.9	99.4	ordinary	Fair	Light++	Fair	Fail
1/15 CS 13 H148/12	0	0	0	2,449	28.2	60.4	94.8	98.1	irregular	Good	Lacking	Poor	Fail
*223/32	100	-	-	2395 ¹	16.3	39.5	95.2	99.1	irregular	Poor	Lacking	Poor	Control
*257/53	100	-	-	17,7 ³¹	16.1	22.0	93.8	-	-	Fair	Lacking	Poor	Control
**NG9257 ²	0	-	-	1,041	12.7	26.1	64.7	-	-	Fair	Light	Poor	Control
**NG9258 ²	0	-	-	1,060	12.1	15.6	64.2	-	-	-	Medium	Fair	Control
**NG9260 ²	0	-	-	941	12.3	-	58.2	-	-	-	light/medium	Fair	Control

Note: * Robusta control; ** Arabica Control

¹Yield results adopted from Kibirige-Sebunya I., Musoli P., Aluka P. & Wetala M.P.E 1995.

(R) Satisfied robusta quantities;



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, Nabaggala A., Olal S., Wekono R. & Pande W.J. (in print).

FIELD EVALUATION AGAINST CWD

Clonal varieties of robusta coffee

Field evaluation of 16 new clones of robusta coffee planted at Kituza in October 1997 for yield, quality, resistance to disease and adaptability continued.

The new clones L/2/7, Q/3/4, J/1/1, B/1/1 and C/6/1 had better yield than the commercial lines (controls), however, incidence of leaf rust on L/2/7 is higher than on the commercial lines. Two new clones J/1/1 and Q/3/4 have not had any incidence of wilt under the field conditions (Table 6). Data collection will however continue and screen house evaluation will be carried out to validate the field results. Samples were submitted to UCDA for quality analysis but results are not yet out.

Table 6 Mean yield of new clonal varieties of robusta coffee at Kituza during the cropping year 2001/2001 and response to field wilt and leaf rust infection.

Variety	Wilt incidence - % trees infected/dead	Leaf rust severity - % leaf area infected	Yield in Kilos of Clean beans/ha/year
B/6/2	63.40	0.006	-
L/2/7	34.00	0.174	4263 abcde
P/3/6	71.30	0.000	1905 cdef
Q/6/1	65.00	0.014	1802 defg
G/3/7	38.00	0.010	909.6 defg
J/1/1	0.00	0.008	5022 a
B/1/1	29.00	0.001	4831 abc
*1s/2	0.00	0.516	4044 abcdef
*223/32	20.00	0.953	2934 abcdefg
E/3/2	37.50	0.004	19922 cdefg
B/2/1	33.50	0.000	23332 abcdefg
R/1/4	54.30	0.001	1448 efg
Q/3/4	0.00	0.016	4593 abcd
*1s/3	12.50	0.015	2237 abcdefg
P/5/1	75.00	0.000	3424 abcdef
C/6/1	17.00	0.006	495 ab
*257/53	37.50	0.010	2012 bcdefg
Q/1/1	50.00	0.007	1759 defg
C/1/7	46.00	0.070	181 defg
H/4/1	69.00	0.000	119 fg

5.46 PESTS MANAGEMENT STUDIES

Investigations into the use of *Heterospilus coffeicola* (Schmeid) for control of the coffee berry borer started in September, 1999 has continued to-date.

Studies of several aspects of the biology and ecology of *H. coffeicola* have been done with the aim to develop protocols for its mass rearing, as well as establishing the optimum ecological requirements for its utilization for the control of the coffee berry borer. Studies have also been conducted into the biology of the host, the coffee berry borer (*Hypothenemus hampei* Ferr). The interactions between *H. coffeicola* and the other known parasitoids of the



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Waterst) and *Phymasticus coffeae* (La Salle) have also been integrating their use.

The studies have led to the development field and laboratory rearing techniques for *H. coffeicola* and the development of a refined biological control programme for the coffee berry borer in Uganda based on new information on the biology and ecology of the parasitoid.

CHAPTER SIX

ADMINISTRATION AND MANAGEMENT

6.1 APPOINTMENT OF A NEW MANAGING DIRECTOR

The Board of Directors appointed a new Managing Director, Mr. Henry Agyenda Ngabirano, to replace Mr. Tress N. Bucyanayandi who retired from the Authority's service.

A holder of a Masters Degree in Food Science and Technology from Humberside College, UK, Mr. Ngabirano (47) has had eighteen (18) years' experience in the coffee sector. He has over the period, gained wide exposure, experience and knowledge about coffee and management. Prior to his appointment which took effect from February 01, 2001, Mr. Ngabirano was the Quality and Regulatory Manager of UCDA. He is married, with three children.

6.2 END OF TERM OF THE 4th BOARD OF DIRECTORS

The three-year term of the fourth Board of Directors expired on March 28, 2001. Under the Chairmanship of Mr. John Muganga, the fourth Board steered the industry through rough tides which included the poor weather conditions linked to El Nino, of the Coffee Wilt Disease (*Tracheomyces*), and the decline in international coffee prices which have continued falling up-to-date.

In spite of these challenges, the Authority recorded achievements in the following areas during the Board's tenure: -

- Uganda coffee remained competitive on the world market largely due to its renowned good quality. Farmers' share of total earnings from coffee exports accordingly continued to be favourable.
- UCDA actively participated in international fora such as Expositions in Lisbon, 1998 and in Hanover, 2000. It is through such fora that Uganda coffee came to be marketed in specialty markets in the US, Europe and Japan.
- The Authority spearheaded the propagation and multiplication of high-yielding planting materials through provision of financial and technical assistance to private nursery operators. Clean coffee planting materials were provided to farmers whose coffee was affected by the wilt disease (Tracheomyces) after uprooting and burning the affected trees.
- A production potential of 25 million seedlings per annum had been established by the close of the 1999/2000 coffee season.
- A state of the art coffee Exhibition Hall was completed at Lugogo UMA Show Grounds and is now operational.
- UCDA sponsored members of the private sector to go to China and explore the possibility of opening up coffee outlets in Shanghai and Beijing cities.
- Robusta coffee growing was introduced to new areas in the Districts of Gulu, Lira, Apac, Kitgum, Moyo, Adjumani, Tororo and Pallisa.
- Arabica coffee is also being promoted in the Districts of Kabale and Kisoro, beside expansion in Nebbi.

support Arabica farmers by providing them with Agrohion, Copper-oxychloride and spray pumps). This

effort was to assist in the control of pests and diseases and ultimately boost Arabica coffee production.

- Institutional restructuring was undertaken resulting in creation of new promotional levels in some departments and freezing of posts in others. The new structure now consists of 61 members of staff as shown in table 6.1.

Table 6.1 STAFF DISTRIBUTION PER DEPARTMENT 1998 - 2000

DEPARTMENT	TECHNICAL	SUPPORT	TOTAL
Office of Managing Director	3	3	6
Administration	9	8	17
Finance	4	0	4
Development	7	2	9
Quality & Regulatory	13	4	17
Information Systems	7	1	8
Total	43	18	61

Other changes included adoption of new Terms and Conditions of Service under which all employees were to serve on contract. Staff salaries were also enhanced and packaged.

6.3 APPOINTMENT OF A NEW BOARD OF DIRECTORS

A new Board of Directors was inaugurated by the Minister of Agriculture, Animal Industry and Fisheries, Hon. Dr. Wilberforce Kisamba-Mugerwa (M.P.) on August 27, 2001. They will serve a three year term.

Mr. Paul Sempa Mugambwa, a renowned personality in the coffee industry, was appointed Chairman of the Board. Mr. Mugambwa has served in various capacities including being a Chief Quality Controller of the former Coffee Marketing Board and President of Uganda Coffee Trade Federation. He was also the Chairman of Kyagalanyi Coffee Limited, one of the first post liberalisation coffee export companies, and is the current proprietor of the Nanga Farm Estate in Mukono District in addition to being the chairman of the East African Fine Coffees Association (EAFCA).

Other members of the Board are: -

- Mrs. Jane Frances Kuka, representative of Arabica coffee farmers.
- Rev. Fr. Dr. Joseph Kisekka of Masaka Diocese, representative of Robusta coffee farmers.
- Hajji Ishak Kasule Lukenge, representative of coffee exporters.
- Mr. Yorokam Abainenamar, representative of coffee exporters.
- Mr. B.A. Mungu-Acel, representative of Arabica coffee farmers.
- Mr. Keith Muhakanizi, representative of the Ministry of Finance, Planning and Economic Development.

ive of the Ministry of Tourism, and Trade Industry.

re of Robusta coffee farmers.

- Dr. Denis Tumwesigye Kyetere, representative of Ministry of Agriculture, Animal Industry and Fisheries.
- Mr. Henry A. Ngabirano, Managing Director, UCDA
- Mr. William G. Naggaga, Board Secretary, UCDA

In his inaugural remarks, the Minister highlighted the problems facing the industry, which include: the coffee wilt disease, low international coffee prices, and the declining quality of Uganda coffee. Other issues to which the Minister requested for the Board's action include: value addition, encouraging estate farming and the need for reduction of Uganda's indebtedness to international coffee bodies.

6.4 10TH. YEAR ANNIVERSARY

UCDA celebrated 10 years of existence following its establishment through the UCDA Statute No. 3 of 1991. The occasion also marked 10 years of the era of liberalisation of coffee trade. The climax of the festivities was a Coffee Day held on Nanga Farm in Mukono District, where a cross section of stakeholders converged for the celebration held on 30th September, 2001.

Hon. Dr. Kibirige Sebunya, Minister of State for Agriculture and first Chairman of the UCDA Board, officiated at the function.

The following members of staff who marked 10 years of service with the Authority were offered meritorious awards:-

1. Mr. Henry A. Ngabirano;
2. Mr. William G. Naggaga;
3. Mr. Michael Semalwadde-Wasswa;
4. Mr. Ismail Sekandi;
5. Mr. Nathan O. Uringi;
6. Mrs. Alice K. Gowa;
7. Eng. James Luswata;
8. Mr. Elias R. Ayiga;
9. Mr. Julius Madira;
10. Ms. Jane Nakandi;
11. Mrs. Phoebe Kazinduki;
12. Ms. Zaaam Mukasa;
13. Mr. Bruno Muhangi;

16. Mr. Tadeo Ndahura; and

17. Hajji Mohamood B. Babeiha

Some of the major achievements of the post liberalisation era include: solving of the problem of crop finance, improving farmers' earnings, establishment of coffee reprocessing facilities and setting a competitive environment which has allowed different players in the trade. New and better yielding coffee varieties have been introduced and coffee acreage increased, especially after introduction of the crop to the Mid-North and other marginal areas.

6.5 COLLABORATION WITH OTHER SECTOR PARTICIPANTS

UCDA has continued to work closely with all the industry stakeholders as outlined below:

1. Close contact has been maintained with the line Ministry of Agriculture, Animal Industry and Fisheries. The Managing Director attends the weekly top management meeting at the Head Quarters in Entebbe.
2. Similarly, co-operation with the National Agriculture Research Organisation (NARO) has been maintained, particularly in the area of Tracheomycosis control, which is a concern of both bodies.
3. UCDA has maintained good working relations with coffee exporters, farmers and processors who have been reached and helped either directly or through their representative bodies. Uganda Coffee Trade Federation (UCTF) and Uganda Coffee Farmers' Association (UCFA) continue to be housed by UCDA.
4. The public, especially people with a stake in coffee business have always been reached by way of information dissemination through the different media houses. Those who have sought direct assistance on matters related to coffee have always been handled in the best way possible.

6.6 ASSETS PORTFOLIO

Vehicles

UCDA has continued to maintain a fleet of relatively old and over used vehicles, due to lack of replacement capacity because of limited income. In spite of this, all the 20 vehicles, together with thirty motor cycles in the field, have persisted on the road without any major breakdown. This has been made possible due to the good care and regular servicing of the vehicles. Table 6.2 shows the fleet of UCDA vehicles.

Table 6.2 UCAD'S FLEET OF VEHICLE AS AT SEPTEMBER 30,2001

REG NO.	REGISTRATION DATE	MAKE	DRIVE
---------	-------------------	------	-------

		SPECIFICATION	
		Nissan Patrol	4x4
902 UCS	January 1997	Nissan Patrol	4x4
UPR 021	September 1992	Toyota Land Cruiser	4x4
SALOON CARS			
UAH 037	January 1994	Toyota Corolla	2x4
UAH 086	January 1994	Toyota Corolla	2x4
UAA 090F	June 1994	Toyota Corolla	2x4
UAA 091F	June 1994	Toyota Corolla	2x4
UAA 092F	June 1994	Toyota Corolla	2x4
UAA 008F	February 1999	Daewoo	2x4
UAA 085E	August 1999	Mitsubishi S/Wagon	2x4
PICK-UPS			
127 UBM	July 1995	Mitsubishi Pickup	4x4
107 UBN	July 1995	Mitsubishi Pickup	4x4
130 UBN	July 1995	Mitsubishi Pickup	4x4
650 UCB	March 1996	Hyundai	2x4
974 UCB	March 1996	Hyundai	2x4
755 UDU	January 1998	Mitsubishi Pickup	4x4
763 UDU	January 1998	Mitsubishi Pickup	4x4
UAA 082E	August 1999	Mitsubishi Pickup	4x4
UAA 083E	August 1999	Mitsubishi Pickup	4x4
MOTOR CYCLES			
26. Mortorcycles	December 1996	Bush Master	
1. Motorcycle	January 1994	Honda	
2. Mortorcycles	July 1997	Piaggio Vesper	
5 Mortorcycles	April 1999	Kumoto	

Buildings

Apart from Plot 42, Windsor Crescent, Kololo, which is under renovation, there is 100% occupancy of the remaining 45 housing units, which are rented out to the public. These include 32 flats at Bugolobi, 6 semi-detached houses at Plot 9/11, Baskerville Avenue, Kololo, an executive bungalow at Plot 4, Bazarabusa Drive, Bugolobi, 4 flats at Plot 20 Elizabeth Avenue, Kololo and 2 semi-detached houses on Plot 181/83, Muteesa II Road, Ntinda. The ground floor of Coffee House, Plot 35 Jinja Road which is the head quarters of UCDA is still rented by Star Supermarket. The occupancy rate is an indication of good care and relative comfort that the tenants enjoy. Improvements are expected to be made as soon as the cash situation can warrant.

6.7 STAFF MATTERS

Appointments

The following members of staff of the Quality and Regulatory Department were offered acting appointments following the elevation of Mr. H. Ngabirano to the position of Managing Director. Below are the appointments: -

- Mr. Nathan Uringi - Ag. Quality Manager;
- Mr. Dick Wadada - Ag. Principal Quality Controller; and

Senior Quality Controller.

The following members of staff have undertaken different academic courses under full sponsorship of UCDA.

- Mr. Julius Madira, Senior Monitoring Officer, is undertaking a research project for a Master of Business Administration programme at Makerere University Business School, Nakawa.
- Mrs. Peruth Kasozi, Personal Secretary, was awarded a Bachelor of Secretarial Studies degree of Makerere University.
- Mr. Richard Mukasa, Quality Controller and Ms. Diana Mpabanobi, Documentation Assistant, are still pursuing courses in Masters in Agricultural Economics and Bachelor of Librarianship, respectively, at Makerere University.
- Mr. Vincent Obbo is pursuing a Bachelor of Business Studies at Makerere University Business School, Nakawa.

Resignation

- Mrs. Christine Mayanja-Mbazzi resigned her post as Telephone Operator/Receptionist;
- Mr. Benon Mugabe also resigned his post as Quality Controller to pursue his PhD Programme in the United States.

6.8 VISITORS

1. Hon. Kisamba-Mugerwa, the Minister for Agriculture, Animal Industry and Fisheries paid a working visit to UCDA on January 18, 2001. He addressed the Board and Management on Government's commitment to the coffee replanting programme. He informed the meeting that in addition to Shs. 1.5 billion in August 2000, Government had committed another 2 billion towards the programme through the Poverty Alleviation Fund (PAF). His interest was for the Board to ensure that the local leaders are well sensitised about the origin and purpose of the fund. In addition, Government would be interested in proper accountability.

He got the Board's assurance of commitment to the success of the replanting programme.

The Managing Director reported to the Minister that a Monitoring and Evaluation team had submitted a positive report on the utilisation of the 2nd tranche of Shs. 500 million.

2. A delegate of the ACPC, Mr. Francisco Ourique paid a visit to UCDA on 25th April, 2001 specifically to seek Uganda's support of the retention plan. Uganda was also requested to lobby Vietnam and other non-members to join the ACPC and to support a proposal by the Latin American coffee producers for the removal of low grade coffees from the market in order to boost prices.

He was assured of Uganda's support.

3. The current Chairman of the Inter-African Coffee Organisation (IACO) who is also the Angolan Minister of Agriculture and Rural Development, Hon. Gilberto Buta Lutucuta, along with his delegation paid a visit to UCDA on September 20, 2000 to familiarise themselves with the coffee situation in Uganda. They were accompanied by Madame Josefa Sacko, the IACO Secretary General.

from March 20 to April 20, 2001, to evaluate the Project through Mould Prevention. Besides evaluation they also carried out training of microbiologists in laboratory analysis.

5. UCDA held discussions with the IMF Mission to Uganda who visited on December 20, 2000. The discussions centred on terms of trade and how coffee prices are affecting the economy.
6. Dr. Cerrutti Mario of Lavazza Spa in Torino Italy and Bernard Gremieux of Bernhard Rothfos of Germany, both from the industry and trade in Europe, also paid a familiarisation visit.
7. Mr. Alfonso Penagos of Penagos Heermanoscia Ltd of Bucaramanga in Colombia, the manufacturers of wet coffee processing machinery and equipment, paid a visit to Uganda on a promotion mission.
8. A team of Chinese journalists accompanied by the President of Uganda Journalists' Association, visited UCDA on 23rd July, 2001 and met with Management. They pledged to be Uganda's ambassadors back home, where coffee consumption is an upcoming venture with big market potential
9. The other dignitaries that visited UCDA included leading personalities in the civil service and academia, parliamentarians, businessmen, coffee personalities and other citizens with an interest in coffee.

6.9 INTERNATIONAL MEETINGS

1. Hon. Dr. Israel Kibirige-Sebunya (M.P.), Minister of State for Agriculture, accompanied by Mr. George Lukwago, Development Manager, UCDA, attended the 40th IACO Annual General Assembly in Luanda, Angola between 5 – 7 December, 2000. The meeting coincided with celebrations to mark the 40th anniversary of IACO's existence. It was at this occasion that Dr. Kibirige-Sebunya handed over the chairmanship of IACO to Hon. Gilberto Buta Lutucuta, the Angolan Minister of Agriculture and Rural Development.

Among the key resolutions of the Assembly was the call on African coffee producers to give priority to quality improvement and affirmation of IACO members' commitment to the Retention Plan of ACPC.

2. UCDA together with NARO represented Uganda at a workshop of the Regional Coffee Wilt Project held in Nairobi, Kenya between 15 – 16 February 2001. UCDA was represented by Mr. William G. Naggaga, Board Secretary and Mr. George Lukwago, Development Manager. The project is co-sponsored by CFC through CAB 1 of UK and the European Union. It covers Burundi, Rwanda, Uganda, Tanzania, Ethiopia, Cameroon, Ivory Coast and the Democratic Republic of Congo.

3. UCDA was also represented by Mr. I. David Kiwanuka, Principal Market Analyst, at a workshop on Structured Short and Medium term finance to small scale farmers in Africa, under the auspices of CFC. The meeting took place in Nairobi, Kenya 4 – 6 April 2001.

4. The 1st World Coffee Conference at its meeting held 17 – 19 May 2001, made a recommendation to eliminate impurities and defective beans (low grade coffee) from the market. This recommendation was later approved by International Coffee Council at its meeting on 24th May, 2001. A resolution to this effect which was adopted by consensus was

Uganda. Uganda was set to implement the resolution by undergrade coffees, which constitute between 5% and 10% of global exports, is expected to have a positive impact on the current low prices.

Mr. William Naggaga, Board Secretary, attended both meetings.

5. The East African Fine Coffees Association held its first general assembly in Kampala 18 – 22 June, 2001. Participants came from Burundi, Kenya, Ethiopia, Tanzania, Rwanda, Uganda, USA, Brazil and Mozambique. It was sponsored by USAID under the Sustainable Tree Crops Programme (STCP) in East Africa. The meeting underscored the importance of improving quality in order to enhance the earnings of small farmers.

Mr. William G. Naggaga, was elected Chairman of EAFCA Uganda chapter.

6. The Minister of Agriculture, Animal Industry and Fisheries, Hon. Dr. W. Kisamba-Mugerwa (M.P.), on 2nd July, 2001, delivered a special message to H.E. President Laurent Gbagbo of Ivory Coast, from H.E. President Yoweri Museveni, assuring him of Uganda's continued membership of IACO. Uganda will also retain its membership in the ACPC and other international coffee bodies. The message was in response to one sent earlier to President Museveni by his Ivorian counterpart.

Hon. Dr. Kisamba-Mugerwa was accompanied to Abidjan by Mr. William G. Naggaga, Board Secretary, UCDA and Ambassador Enoch Kaweesa of the Ministry of Foreign Affairs.

6.10 DONOR FUNDED PROJECTS

Uganda through UCDA continued to benefit from a number of projects the latest being the Coffee Wilt Disease Project. The majority of these projects are funded by the Common Fund for Commodities through the International Coffee Organisation.

The projects include: -

- Coffee Market development in East Africa which was launched in July 2000 has now taken off with the appointment of Mr. Roland Meier as the new Technical Advisor. The coffee sector has so far benefited by way of supplies and equipment which include two 4 wheel drive vehicles (a pick-up and Station Wagon), communication equipment and computers.
- Improvement of Coffee Production in Africa by the Control of Coffee Wilt Disease Project, is a 5 year project benefiting eight countries, namely Burundi, the Democratic Republic of Congo, Uganda, Ethiopia, Rwanda, Tanzania, Ivory Coast and Cameroon. Uganda will receive US \$ 1.5 million over a five year period from CFC and European Union to help in containing the disease, out of a total of approximately US \$ 9 million for all participating countries.

- Enhancement of Quality in Coffee through Prevention of Mould Formation.

The initial research stage of the project has been financed by the Institute of Scientific Information (ISIC). Project activities have commenced in Uganda, under implementation by FAO.

6.11 BOARD MEETINGS

The Board attended seven meetings during the year while the Finance Committee met only twice. There was no meeting for the Quality, Research and Development



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number of meetings compared to last year was due to term of office of the old Board and the appointment of a new one.



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STATISTICAL APPENDICES

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

MONTH	2000/01			1999/2000			1998/99		
	ROBUSTA	ARABICA	TOTAL	ROBUSTA	ARABICA	TOTAL	ROBUSTA	ARABICA	TOTAL
TOTAL	2,819,438	489,958	3,309,396	2,518,135	499,981	3,018,116	3,424,589	428,624	3,853,213
PERCENTAGE	85.19	14.81	100	83.43	16.57	100	88.88	11.12	100
OCT.	119,165	22,219	141,384	250,135	55,632	305,767	105,645	36,542	142,187
NOV.	200,104	34,178	234,282	451,233	63,214	514,447	296,987	39,652	336,639
DEC	215,410	36,056	251,466	365,896	67,895	433,791	393,426	46,254	439,680
Qtr - 1	534,679	92,453	627,132	1,067,264	186,741	1,254,005	796,058	122,448	918,506
JAN	356,142	39,541	395,683	210,365	63,625	273,990	436,584	59,143	495,727
FEB.	266,312	75,742	342,054	165,328	52,563	217,891	389,621	45,942	435,563
MAR	251,323	66,321	317,644	138,631	41,256	179,887	254,121	38,214	292,335
Qtr - 2	873,777	181,604	1,055,381	514,324	157,444	671,768	1,080,326	143,299	1,223,625
APR	132,541	51,236	183,777	112,366	35,024	147,390	162,354	35,214	197,568
MAY	152,363	68,467	220,830	165,132	30,123	195,255	256,321	45,682	302,003
JUN	159,648	32,145	191,793	101,423	38,541	139,964	365,567	25,614	391,181
Qtr - 3	444,552	151,848	596,400	378,921	103,688	482,609	784,242	106,510	890,752
JUL.	319,237	25,884	345,121	232,515	25,231	257,746	300,125	22,568	322,693
AUG.	346,552	17,768	364,320	201,457	14,523	215,980	282,584	13,541	296,125
SEPT	300,641	20,401	321,042	123,654	12,354	136,008	181,254	20,258	201,512
Qtr - 4	966,430	64,053	1,030,483	557,626	52,108	609,734	763,963	56,367	820,330

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

MONTH	2000/01			1999/2000			1998/99		
	ROBUSTA	ARABICA	TOTAL	ROBUSTA	ARABICA	TOTAL	ROBUSTA	ARABICA	TOTAL
TOTAL	2,614,862	459,911	3,074,773	2,390,682	526,575	2,917,257	3,291,540	356,458	3,647,998
PERCENTAGE	85.04	14.96	100	81.95	18.05	100	90.23	9.77	100
OCT.	118,535	20,250	138,785	192,012	33,013	225,025	71,707	27,416	99,123
NOV.	196,824	30,695	227,519	357,647	54,256	411,903	204,817	37,254	242,071
DEC	200,171	32,256	232,427	292,083	73,705	365,788	428,184	40,219	468,403
Qtr - 1	515,530	83,201	598,731	841,742	160,974	1,002,716	704,708	104,889	809,597
JAN	302,212	38,651	340,863	233,149	67,814	300,963	395,139	32,881	428,020
FEB.	227,169	68,548	295,717	135,884	72,069	207,953	365,759	37,271	403,030
MAR	148,082	63,657	211,739	74,898	74,222	149,120	251,885	36,148	288,033
Qtr - 2	677,463	170,856	848,319	443,931	214,105	658,036	1,012,783	106,300	1,119,083
APR	120,552	56,812	177,364	57,780	37,173	94,953	140,996	32,035	173,031
MAY	132,755	66,672	199,427	121,016	32,205	153,221	224,751	41,227	265,978
JUN	239,138	30,355	269,493	235,791	28,980	264,771	389,401	26,216	415,617
Qtr - 3	492,445	153,839	646,284	414,587	98,358	512,945	755,148	99,478	854,626
JUL.	309,239	26,883	336,122	268,093	22,936	291,029	326,981	15,048	342,029
AUG.	346,553	7,763	354,316	208,880	11,422	220,302	293,577	10,410	303,987
SEPT	273,632	17,369	291,001	213,449	18,780	232,229	198,343	20,333	218,676
Qtr - 4	929,424	52,015	981,439	690,422	53,138	743,560	818,901	45,791	864,692

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

MONTH/TYPE	2000/01		1999/2000		1998/99		1997/98	
	QUANTITY	VALUE \$	QUANTITY	VALUE \$	QUANTITY	VALUE \$	QUANTITY	VALUE \$S
TOTAL	3,074,773	104,776,424	2,917,257	164,749,915	3,647,998	282,995,512	3,032,338	276,474,235
ROBUSTA	2,614,862	79,703,961	2,390,682	121,850,127	3,291,540	247,869,096	2,691,878	227,361,611
OCT.	118,535	4,253,684	192,012	11,243,152	71,707	5,613,824	109,640	8,635,379
NOV.	196,824	6,435,051	357,647	20,781,613	204,817	16,437,434	150,449	11,756,044
DEC	200,171	6,681,738	292,083	17,663,665	428,184	36,875,812	216,712	17,642,704
JAN	302,212	10,321,027	233,149	13,620,160	395,139	34,737,331	270,409	22,498,020
FEB.	227,169	7,397,535	135,884	7,598,423	365,759	30,948,349	282,989	24,412,443
MAR	148,082	4,640,891	74,898	3,521,556	251,885	19,862,169	194,993	19,959,429
APR	120,552	3,715,944	57,780	2,493,150	140,996	10,574,754	99,233	8,367,863
MAY	132,755	4,028,681	121,016	5,450,794	224,751	15,571,491	123,932	11,290,278
JUN	239,138	7,194,048	235,791	10,581,124	389,401	26,609,437	325,542	29,534,163
JUL.	309,239	8,893,101	268,093	11,822,775	326,981	20,472,541	391,114	32,028,689
AUG.	346,553	9,289,967	208,880	8,806,116	293,577	18,227,645	335,135	26,425,609
SEPT	273,632	6,852,294	213,449	8,267,599	198,343	11,938,309	191,730	14,810,989
ARABICA	459,911	25,072,463	526,575	42,899,788	356,458	35,126,416	340,460	49,112,624
OCT.	20,250	1,265,233	33,013	2,260,295	27,416	2,844,152	21,189	3,504,222
NOV.	30,695	1,977,358	54,256	4,062,785	37,254	4,173,179	29,155	4,309,485
DEC	32,256	1,771,881	73,705	5,829,878	40,219	4,481,839	28,769	4,588,423
JAN	38,651	2,200,919	67,814	7,038,080	32,881	3,687,481	29,333	4,962,398
FEB.	68,548	3,937,787	72,069	7,253,157	37,271	3,876,494	44,067	8,069,053
MAR	63,657	3,446,579	74,222	6,503,402	36,148	3,774,849	39,831	4,310,451
APR	56,812	3,154,520	37,173	2,757,171	32,035	2,871,469	39,240	5,955,710
MAY	66,672	3,465,225	32,205	2,186,684	41,227	3,788,720	28,951	4,207,703
JUN	30,355	1,540,756	28,980	1,748,611	26,216	2,056,975	30,999	3,934,301
JUL.	26,883	1,228,214	22,936	1,629,662	15,048	1,274,230	16,613	1,766,169
AUG.	7,763	342,746	11,422	660,188	10,410	885,616	16,112	1,626,144
SEP	17,369	741,245	18,780	969,875	20,333	1,411,412	16,201	1,878,565

EXPORTS AND VALUE: 2000/01 - 1998/99

COFFEE YEAR 2000/01				
MONTH	QUANTITY		VALUE	
	- 60 Kilo Bags -	CUMULATIVE	- US Dollar	CUMULATIVE
OCT..	138,785	138,785	5,518,917	5,518,917
NOV..	227,519	366,304	8,412,409	13,931,326
DEC.	232,427	598,731	8,453,619	22,384,945
JAN.	340,863	939,594	12,521,947	34,906,892
FEB..	295,717	1,235,311	11,335,323	46,242,215
MAR.	211,739	1,447,050	8,087,470	54,329,685
APR.	177,364	1,624,414	6,870,463	61,200,148
MAY	199,427	1,823,841	7,493,905	68,694,053
JUN.	269,493	2,093,334	8,734,804	77,428,857
JUL..	336,122	2,429,456	10,121,315	87,550,172
AUG..	354,316	2,783,772	9,632,712	97,182,884
SEPT.	291,001	3,074,773	7,593,539	104,776,424
COFFEE YEAR 1999/2000.				
MONTH	QUANTITY		VALUE	
	- 60 Kilo Bags -	CUMULATIVE	- US Dollar	CUMULATIVE
OCT..	225,025	225,025	13,503,447	13,503,447
NOV..	411,903	636,928	24,844,398	38,347,845
DEC.	365,788	1,002,716	23,493,543	61,841,388
JAN.	300,963	1,303,679	20,658,240	82,499,628
FEB..	207,953	1,511,632	14,851,580	97,351,208
MAR.	149,120	1,660,752	10,024,958	107,376,166
APR.	94,953	1,755,705	5,250,321	112,626,487
MAY	153,221	1,908,926	7,637,478	120,263,965
JUN.	264,771	2,173,697	12,329,735	132,593,700
JUL..	291,029	2,464,726	13,452,437	146,046,137
AUG..	220,302	2,685,028	9,466,304	155,512,441
SEPT.	232,229	2,917,257	9,237,474	164,749,915
COFFEE YEAR 1999/2000				
MONTH	QUANTITY		VALUE	
	- 60 Kilo Bags -	CUMULATIVE	- US Dollar	CUMULATIVE
OCT..	99,123	99,123	8,457,976	8,457,976
NOV..	242,062	341,185	20,610,613	29,068,589
DEC.	468,403	809,588	41,357,651	70,426,240
JAN.	428,020	1,237,608	38,424,813	108,851,053
FEB..	403,030	1,640,638	34,824,843	143,675,896
MAR.	288,033	1,928,671	23,637,018	167,312,914
APR.	173,031	2,101,702	13,446,223	180,759,137
MAY	265,978	2,367,680	19,360,211	200,119,348
JUN.	415,617	2,783,297	28,666,412	228,785,760
JUL..	342,029	3,125,326	21,746,770	250,532,530
AUG..	303,987	3,429,313	19,113,261	269,645,791
SEPT.	218,676	3,647,989	13,349,721	282,995,511

MONTHLY EXPORTS BY TYPE & GRADE DURING THE YEAR: in 60-Kilo Bags.

EXPORTER	Oct.	Nov.	Dec.	Jan	Feb.	Mar	Apr.	May	Jun	Jul.	Aug.	Sep	Total
TOTAL	138,785	227,519	232,427	340,863	295,717	211,739	177,364	199,427	269,493	336,122	354,316	291,001	3,074,773
ROBUSTA	118,535	196,824	200,171	303,432	226,869	148,082	121,927	133,055	239,458	309,239	346,553	273,632	2,617,777
WASHED	0	0	0	1,220	300	300	0	0	0	0	275	0	2,095
ORGANIC	0	0	0	0	0	300	1,520	600	320	1,630	300	350	5,020
SCREEN 1800	10,297	11,250	12,485	17,086	14,065	14,319	7,884	12,499	24,040	32,005	50,053	30,814	236,797
SCREEN 1700	0	0	0	0	3,840	1,920	1,600	2,560	2,282	17,434	21,580	19,294	70,510
SCREEN 1500	70,600	118,152	120,208	185,254	129,561	69,203	63,852	77,092	152,537	197,316	212,759	164,014	1,560,548
SCREEN 1400	0	0	0	0	0	0	0	0	2,672	0	0	0	2,672
SCREEN 1200	29,204	52,424	61,269	88,607	65,639	42,180	34,939	36,125	43,386	46,988	46,305	44,870	591,936
BHP 1199	3,020	9,801	4,069	3,410	5,127	7,725	4,950	1,725	4,335	3,530	1,455	3,130	52,277
OTHERS	5,414	5,197	2,140	7,855	8,337	12,135	7,182	2,454	9,886	10,336	13,826	11,160	95,922
ARABICA	20,250	30,695	32,256	37,431	68,848	63,657	55,437	66,372	30,035	26,883	7,763	17,369	456,996
ORGANIC.	0	0	0	0	300	0	145	300	0	0	0	320	1,065
BUGISU AA	2,040	6,272	3,020	11,724	13,026	7,626	4,126	1,917	1,280	2,080	620	3,890	57,621
BUGISU A	1,490	1,140	2,300	4,130	8,074	3,640	2,900	995	400	1,340	300	1,060	27,769
BUGISU PB	510	270	1,100	1,152	1,660	1,457	410	415	0	0	0	540	7,514
BUGISU B	940	2,040	520	2,624	3,680	3,810	1,790	1,161	900	0	0	260	17,725
ARABICA AB	0	1,245	1,280	100	5,610	1,630	2,990	1,020	350	340	350	0	14,915
WUGAR	0	1,280	0	4,900	14,200	14,907	10,630	16,475	3,965	1,503	333	2,565	70,758
DRUGAR	14,950	17,548	20,818	12,601	18,438	27,247	31,146	42,394	21,970	21,020	5,520	8,094	241,746
OTHERS	320	900	3,218	200	3,860	3,340	1,300	1,695	1,170	600	640	640	17,883

COMPARATIVE PERFORMANCE BY INDIVIDUAL EXPORTERS IN 2000/01 - in 60-kilo bags -

	EXPORTER	Oct.	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Total	%- age
	TOTAL	138,785	227,519	232,427	340,863	295,717	211,739	177,364	199,427	269,493	336,122	354,316	291,001	3,074,773	100.00
1	Ugacof Ltd.	8,052	35,539	44,299	85,935	54,624	31,676	23,035	20,034	41,443	50,801	66,823	44,774	507,035	16.49
2	PanAfric Impex Ltd..	39,298	39,124	22,001	40,606	36,473	29,862	28,222	35,661	33,976	54,718	51,218	49,106	460,265	14.97
3	Olam (U) Ltd..	10,359	19,193	19,820	30,713	28,134	5,635	7,515	13,520	30,082	41,376	37,709	19,822	263,878	8.58
4	Kyagalanyi Coffee Ltd..	9,700	15,785	37,045	28,965	28,336	13,315	19,958	7,705	12,790	14,410	23,420	14,895	226,324	7.36
5	Great Lakes	16,566	13,740	12,305	12,828	14,470	16,703	15,478	17,487	18,536	27,260	31,664	26,635	223,672	7.27
6	Ibero (U) Ltd..	7,920	19,600	19,760	31,460	20,850	14,050	9,290	17,710	22,140	13,580	7,040	7,770	191,170	6.22
7	Kampala Domestic Store	7,625	17,832	15,342	20,410	21,260	16,608	5,626	7,993	14,689	16,418	12,616	19,406	175,825	5.72
8	Intertrade Services	0	2,754	7,224	5,250	5,158	13,182	6,502	16,512	29,226	25,090	34,260	20,901	166,059	5.4
9	Busingye & Co.	9,780	19,528	17,304	14,434	10,690	7,577	6,888	15,390	17,480	14,372	12,625	7,232	153,300	4.99
10	Kawacom (U) Ltd..	6,382	5,945	3,484	6,333	15,759	10,975	10,594	8,285	6,874	11,891	16,575	14,411	117,508	3.82
11	Wabulungu Multi-Purpose	1,950	7,236	4,748	13,745	6,549	6,226	9,090	4,745	5,306	8,726	10,470	12,934	91,725	2.98
12	H.M. Nsamba & Sons Ltd..	0	0	0	8,518	14,067	9,287	10,055	9,610	5,895	13,203	11,593	7,414	89,642	2.92
13	Banga Multi-Purpose Society	4,960	9,300	8,100	4,720	9,638	6,433	7,250	7,910	6,890	9,470	4,954	2,533	82,158	2.67
14	Nakana Coffee Factory	6,680	8,200	6,744	11,882	5,204	2,562	2,560	4,480	7,040	5,274	5,635	9,812	76,073	2.47
15	CETCO	0	0	0	2,100	5,140	3,805	1,600	1,632	5,336	10,730	9,400	11,280	51,023	1.66
16	Mbale Importers & Exporters	3,060	2,330	2,200	10,100	6,180	8,620	1,022	780	0	0	2,840	8,237	45,369	1.48
17	UNEX	333	1,763	2,893	3,213	3,533	2,893	3,200	920	4,493	6,789	2,921	3,526	36,477	1.19
18	Bugisu Co-op. Union	0	3,080	2,930	4,020	3,380	4,620	4,130	1,800	1,500	1,500	600	300	27,860	0.91
19	Zinunula Coffee Factory	640	1,370	3,228	2,933	2,840	2,878	724	1,493	1,317	1,654	2,333	1,290	22,700	0.74
20	Joan Coffee Dealers Ltd..	1,260	0	0	0	0	0	0	0	960	7,600	9,025	3,143	21,988	0.72
21	Libra Commodities Ltd..	0	0	0	0	0	3,252	1,920	4,480	3,520	960	0	5,580	19,712	0.64
22	Bakwanye Trading Co.	2,530	2,240	960	1,678	2,162	1,280	2,560	1,280	0	0	0	0	14,690	0.48
23	COFCROP	1,690	2,960	2,040	700	670	0	0	0	0	0	0	0	8,060	0.26
24	Nanga Farm	0	0	0	0	600	300	145	0	0	300	275	0	1,620	0.05
25	Salati	0	0	0	320	0	0	0	0	0	0	320	0	640	0.02

EXPORTS BY TYPE AND VALUE IN 60-KILO BAGS & US DOLLARS

Coffee Year	Robusta			Arabica			Total		
	Qty	Value	\$/KILO	Qty	Value	\$/KILO	Qty	Value	\$/KILO
2000/01	2,617,777	79,914,361	0.51	456,996	24,862,060	0.91	3,074,773	104,776,421	0.57
1999/00	2,390,682	121,850,900	0.85	526,575	42,899,600	1.36	2,917,257	164,750,500	0.94
1998/99	3,291,540	247,869,100	1.26	356,449	35,055,200	1.64	3,647,989	282,924,300	1.29
1997/98	2,691,278	227,361,611	1.41	341,060	49,112,624	2.40	3,032,338	276,474,235	1.52
1996/97	3,789,013	288,858,906	1.27	448,101	66,267,735	2.46	4,237,114	355,126,641	1.40
1995/96	3,762,347	345,136,777	1.53	386,456	43,779,380	1.89	4,148,803	388,916,157	1.56
1994/95	2,284,109	338,762,354	2.47	507,644	93,731,757	3.08	2,791,753	432,494,111	2.58
1993/94	2,471,960	192,307,120	1.30	533,245	81,351,731	2.54	3,005,205	273,658,851	1.52
1992/93	1,841,510	90,576,148	0.82	247,132	18,177,843	1.23	2,088,642	108,753,991	0.87
1991/92	1,884,183	91,742,542	0.81	169,034	12,813,523	1.26	2,053,217	104,556,065	0.85
1990/91	1,924,319	105,733,784	0.92	160,948	15,647,712	1.62	2,085,267	121,381,496	0.97
Average	2,631,702	193,646,691	1.23	375,785	43,972,651	1.95	3,007,487	237,619,343	1.32

PRODUCTION COST STRUCTURE FOR OLD ROBUSTA, CLONAL AND ARABICA COFFEE: 1995/96 - 2000/01 COFFEE YEARS

OLD ROBUSTA COFFEE						
Cost Parameters	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01
Labour	185,000	150,000	216,000	225,000	350,000	150,000
Amortized cost of Establishment	0	0	0	0	0	0
Depreciation (equipment)	60,000	75,000	75,000	75,000	50,000	50,000
Non-labour input cost [fertilizers, pesticides, etc.]	85,000	70,000	70,000	0	50,000	30,000
Total Cost	340,000	295,000	361,000	300,000	450,000	230,000
Yield in Kilos of Kiboko or Parchment/ha	1,200	1,200	1,100	1,100	12,000	1,000
Unit Cost (Shs/Kilo)	283	245	330	272	375	230
Farm-gate Price (Shs/Kilo of Kiboko/Parchment)	500	600	650	600	425	270
Profits in Shs. Kilo	217	355	320	328	50	40
CLONAL ROBUSTA COFFEE						
Labour	270,000	290,000	360,000	490,000	630,000	360,000
Amortized cost of Establishment	194,000	50,000	50,000	50,000	50,000	50,000
Depreciation (equipment)	100,000	100,000	100,000	100,000	125,000	100,000
Non-labour input cost [fertilizers, pesticides, etc.]	290,000	190,000	190,000	135,000	100,000	100,000
Total Cost	840,000	630,000	650,000	775,000	905,000	610,000
Yield in Kilos of Kiboko or Parchment/ha	3,000	3,000	3,300	3,300	3,600	4,000
Unit Cost (Shs/Kilo)	285	210	200	234	251	153
Farm-gate Price (Shs/Kilo of Kiboko/Parchment)	500	600	650	600	425	270
Profits in Shs. Kilo	215	390	450	366	174	117
ARABICA COFFEE						
Labour	205,000	180,000	300,000	350,000	385,000	240,000
Amortized cost of Establishment	0	0	0	0	0	0
Depreciation (equipment)	90,000	125,000	125,000	120,000	150,000	150,000
Non-labour input cost [fertilizers, pesticides, etc.]	85,000	160,000	160,000	85,000	100,000	120,000
Total Cost	380,000	465,000	585,000	555,000	635,000	510,000
Yield in Kilos of Kiboko or Parchment/ha	750	750	700	750	750	650
Unit Cost (Shs/Kilo)	507	620	836	740	850	785
Farm-gate Price (Shs/Kilo of Kiboko/Parchment)	1,000	1,700	1,800	1,400	1,300	1,000
Profits in Shs. Kilo	493	1,080	964	660	450	215

Note: The opportunity cost of family labour, estimated at 40 percent, is included in the cost structure.



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AUDITED ACCOUNTS: 2000/2001



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DEVELOPMENT AUTHORITY

FINANCIAL STATEMENTS

FOR

FINANCIAL YEAR 2000/2001

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DEVELOPMENT AUTHORITY

ACCOUNTS FOR THE YEAR ENDED 30TH. SEPTEMBER 2002

AUDITOR GENERAL'S REPORT

Under section 17 (2) of the Uganda Coffee Development Authority (UCDA) Statute No. of 1991, I am required to audit the accounts of Uganda Coffee Development Authority and report to Parliament in accordance with Article 163 (4) of the Constitution not later than six (6) months after the end of the financial year to which they relate.

REPORT

The financial statement of the Uganda Coffee Development Authority (UCDA) for the year ended 30th September 2001 set out on pages 1 to 11 which have been prepared on the basis of accounting policies set out on pages 3 to 4 have been audited. All the information and explanations which were considered necessary for purposes of the audit were obtained. The financial statements are in agreement with the books of account.

Responsibility of Directors and Auditors

The Directors are responsible for the preparation of financial statements which give a true and fair view of the Authority's state of affairs and its profit or loss. My responsibility is to express an independent opinion on the financial statements based on the audit.

Basis of Opinion

The audit was conducted in accordance with Generally Accepted Auditing Standards. Those standards require that the audit is planned and performed to obtain reasonable assurance that the accounts are free from material misstatement. An audit includes an examination on a test basis of evidence supporting the amounts and disclosures in the financial statements. It also includes an assessment of the accounting policies used and significant estimates made by the directors, as well as an evaluation of the overall presentation of the financial statements.

OPINION

In my opinion, the financial statements give a true and fair view of the state of affairs of the Uganda Coffee Development Authority's accounts as at 30th September 2001 and of its Income and Expenditure for the year then ended and comply with the Uganda Coffee Development Authority No. of 1991.

John F. S. Muwanga
AUDITOR GENERAL
KAMPALA
May 03, 2002

DEVELOPMENT AUTHORITY

BALANCE SHEET

FOR THE YEAR ENDED 30th SEPTEMBER 2001

- in Uganda Shillings -

			2000/2001 Shs	1999/2000 Shs.
Fixed Assets (Net)	1	6,290,157,092	6,290,157,092	6,557,311,102
Current Assets				
Short-term Fixed Deposit	2	212,033,464		255,500,000
Bank Accounts (current)	3	49,039,228		300,806,096
Staff Loans/Advances	4	84,037,103		88,056,717
Prepayments and Accruals	5	42,910,202		63,405,979
Debtors	6	185,920,048		40,052,250
Cess Debtors	7	200,851,203		240,776,627
Cash		183,200		
		<u>774,974,448</u>		<u>988,597,669</u>
Less Liabilities				
Creditors	8	2,101,699,022		1,100,132,676
Net Current Assets			<u>(1,326,724,574)</u>	<u>(111,535,007)</u>
Net Assets			<u>4,963,432,518</u>	<u>6,445,776,095</u>
Funds of the Authority	9	2,216,750,000		2,216,750,000
Net Surplus	10	516,768,060		1,226,216,825
Warehouse Receipt Systems	11	132,052,181		
Capital Reserves		503,532,492		1,408,479,485
ASAC Funding		746,529,785		746,529,785
STABEX Funding		<u>847,800,000</u>		847,800,000
			<u>4,963,432,518</u>	<u>6,445,776,095</u>

H. Ngabirano

I. Sekandi

W. G . Nagagaga

DEVELOPMENT AUTHORITY

INCOME AND EXPENDITURE

FOR THE YEAR ENDED 30th SEPTEMBER 2001

REVENUE	Notes	2000/2001 U. Shs.	1999/2000 U. Shs.
Cess 1%		1,862,767,232	2,554,726,817
Sundry Income		193,365,404	84,601,000
Rent Income		<u>279,900,000</u>	<u>242,500,000</u>
Total Operating Revenue		<u>2,336,032,636</u>	<u>2,881,827,817</u>
OPERATING EXPENSES			
Employment Costs	1	983,460,790	979,527,194
Maintenance and Consumables	2	189,376,555	204,075,913
Other office expenses	3	278,364,912	257,955,666
Travel Costs	4	114,025,536	111,134,089
Research and Development Costs	5	374,753,468	1,195,746,861
Information Systems	6	48,200,343	69,566,551
Quality and Regulatory	7	55,772,519	139,197,522
Support to Coffee Organisations	8	28,037,900	91,022,345
International Obligations	9	153,347,512	92,222,639
Depreciation/Provisions	10	<u>253,940,957</u>	<u>237,371,818</u>
Total Operating Expenses		<u>2,479,280,492</u>	<u>3,377,820,598</u>
Operating Surplus/(Deficit)		(143,247,856)	(495,992,781)
Non Operating Items			
Gain/Loss on Disposal of Assets		26,700,000	26,150,000
Interest on Housing Loan		1,359,822	1,976,231
Coffee Seed Money			500,000,000
Extra Ordinary Items	11	(411,841,760)	
Total Non Operating Expenses		<u>(383,781,938)</u>	<u>528,126,231</u>
Grand Total Expenses		<u>2,863,062,430</u>	<u>2,849,694,367</u>
Net Surplus/(Deficit)		<u>(527,029,794)</u>	<u>32,133,450</u>

DEVELOPMENT AUTHORITY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30th SEPTEMBER 2001

- in Uganda Shillings -

PRINCIPLE ACCOUNTING POLICIES

(a) **BASIC ACCOUNTING**

The accounts of the Authority are prepared under the historical cost convention adjusted to include Fixed Assets revaluation as professionally determined from time to time.

(b) **DEPRECIATION**

Depreciation has been calculated to write the cost or estimated value of fixed assets on reducing balance basis over the expected useful lives of the asset concerned. The applicable annual rates are: -

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

(c) **BAD AND DOUBTFUL DEBTS**

Where applicable, specific provisions have been made for all known doubtful debts. Bad debts are written off after approval of the Board of Directors.

(d) **ACCOUNTING STANDARDS PRACTICES**

The authority do adjust its financial reports to comply with recommended up-to-date accounting standards and practices as established from time to time.

(e) **MAJOR ACTIVITIES**

i) Coffee Seed Money

During the previous year Uganda Coffee Development Authority received a sum of Shs 500 million for poverty alleviation project and was reflected as income. This year a sum of Shs 3 Billion was received and treated independently as project funds.

Opening Balance as at 01/110/2000	182,417,300
Amount released during the period	<u>3,000,000,000</u>
	3,182,417,300
Utilization on poverty alleviation program	<u>2,765,282,590</u>
Balance at UCB City Branch	<u>714,134,710</u>

DEVELOPMENT AUTHORITY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30th SEPTEMBER 2001

- in Uganda Shillings -

i) Extra Ordinary Item

During the year a total sum of Shs 411,841,760/= (shillings four hundred and eleven million, eight hundred and forty one thousand, seven hundred and sixty only) relating to outstanding arrears on international obligation was recognized in the accounts as per note 11 of the income and expenditure statement.

(f) SUNDRY INCOME

The Board of Directors commissioned an audit on Cess reconciliation for the financial years 1996, 1997 and 1998. As a result of this a sum of Shs 108,802,906/= was realized and has been reflected accordingly.

DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30th SEPTEMBER 2001

- in Uganda Shillings -

Note 1	Shs.	Shs.
FIXED ASSETS (NET)		6,290,157,092
Note 2		
SHORT TERM DEPOSITS		
Nile Bank (Pension Fund)		212,033,464
Note 3		
BANK & CASH ACCOUNTS		
Uganda Commercial Bank City Branch	1,785,233	
Uganda Commercial Bank (Corporate)	1,082,662	
Standard Chartered Bank (Salaries)	1,491,035	
Standard Chartered Bank (Pension)	19,289,957	
Standard Chartered Bank (Project A/C)	2,649,200	
Nile Bank	22,741,141	
Cash at hand	183,200	49,222,428
Note 4		
STAFF DEBTORS & ADVANCES		
Housing Loan	21,307,832	
Staff Advances	62,729,271	84,037,103
Note 5		
PREPAYMENTS & ACCRUALS		
Fuel Deposit	-181,295	
Rent (Net) Receivable	43,091,497	42,910,202
Note 6		
DEBTORS		
Bank of Uganda (GreenLand Bank Account	174,467,798	
Kyambogo Coffee Curing	4,850,000	
Others	6,602,250	185,920,048
Note 7		
Current Debtors	236,963,335	
Others	160,976,576	
	397,939,911	
Less Bad Debt Provision	197,087,036	200,852,875

DEVELOPMENT AUTHORITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th SEPTEMBER 2001

- in Uganda Shillings -

Note 8

CREDITORS & PROVISIONS

(a) International Obligations

Association of Coffee Producing Countries (ACPC)	279,842,500	
International Coffee Organisation (ICO)	375,462,500	
Inter Africa Coffee Organisation (IACO)	905,088,800	1,560,393,800

(b) Others

DCCs' Gratuity (Contract)	13,440,000	
Creditors	214,617,141	
Pension & Gratuity	298,248,081	
Prepaid Licences	15,000,000	541,305,222
		2,101,699,022

Note 9

The funds of the Authority have been obtained from various sources as stipulated in the UCDA Statute section 4 subsections (1) and (2) and subsequent amendment(s).

Note 10

NET SURPLUS/(DEFICIT)

Balance Brought Forward	1,226,215,154	
Less adjustment (Seed Money)	182,417,300	
	1,043,797,854	
This year Surplus/Deficit	(527,029,794)	516,768,060

Note 11

WAREHOUSE RECEIPT SYSTEM (WRS)

The Common Fund for Commodities (CFC) funded Warehouse Receipt System (WRS) project with various equipment during the year amounting to Shs. 132,052,181/= (Shillings one hundred and thirty two million and one hundred and eighty one only).

UCDA COFFEE DEVELOPMENT AUTHORITY
FIXED ASSET SCHEDULE

FOR THE PERIOD ENDING 31ST. SEPTEMBER 2001

	Balance Sheet Notes						
	Opening	Additions	Total	Depreciation			Net Book Value
				Opening	Current	Total	
Land & Buildings	6,869,995,197	23,922,950	6,893,918,147	970,598,815	118,466,387	1,089,065,202	5,804,852,945
Office Furniture	279,375,376	(44,354,625)	235,020,751	157,406,960	9,313,655	166,720,615	68,300,136
Computer & Peripherals	73,069,990	87,968,470	161,038,460	31,015,194	42,907,678	73,922,872	87,115,588
Office Equipment	149,899,080	(59,529,154)	90,369,926	58,114,192	3,870,688	61,984,880	28,385,046
Motor Vehicles Commercial Vehicles	408,713,283	(40,553,997)	368,159,286	248,979,697	23,835,918	272,815,615	95,343,671
Hand Pulpers	189,106,170	147,853,468	336,959,638	166,200,213	42,689,856	208,890,069	128,069,569
Coffee Shop Equipment	1,800,000	(1,800,000)	0	0	0	0	0
Liquoring Equipment	108,410,041	(108,410,041)	0	0	0	0	0
Motor Cycles	147,371,695	(35,289,483)	112,082,212	53,820,346	6,991,424	60,811,770	51,270,442
Generator	37,713,361	21,850,989	59,564,350	35,275,039	4,857,862	40,132,901	19,431,449
TOTAL	8,307,550,693	(36,437,923)	8,271,112,770	1,727,014,721	253,940,956	1,980,955,678	6,290,157,092

DEVELOPMENT AUTHORITY

EXPENDITURE NOTES

FOR THE PERIOD ENDING 30TH. SEPTEMBER 2001.

	SHS.
1. Employment Costs	
Salaries and Wages	696,209,002
Emergency Medical Provision	10,884,197
Performance Allowance	10,862,000
Leave Allowance	82,120,331
N.S.S.F Contribution	47,495,796
General Staff Welfare	7,356,080
Welfare Costs (funerals)	5,165,600
Gratuity and Pension Scheme	120,899,784
Ex Gratia	<u>6,468,000</u>
2. Maintenance and Consumable	<u>980,992,790</u>
Repairs - Buildings	63,326,692
Repairs - Office Equipment	18,239,017
Other Services/Office Cleaning	10,911,284
Repair & Maintenance - Cars	67,492,757
M & S - Auto Supplies	20,754,120
Vehicle Registration/Licences	<u>8,652,685</u>
3. Other Office Expenses	<u>189,376,555</u>
Telephone, Fax Bills	38,107,030
Postage & Delivery	3,955,180
Professional Fees	2,209,410
Donations/Contributions	3,800,000
Insurance	35,333,280
Utilities - Water	6,494,122
Utilities - Electricity	11,719,244
Bank Charges/Interest Charges	10,692,766
Property Rates & Taxes	14,711,810
Printing, Clerical Supplies	22,954,910
News Papers/Periodicals	11,701,815
Directors Expenses	27,243,392
Office Security	21,428,030
Legal Fees	8,662,832
Foreign Exchange Differences	6,479,748
Staff Uniforms	218,500
Provisions for Cess Debtors	<u>52,652,843</u>
4. Travel Costs	<u>278,364,912</u>
Internal Travel	44,143,431
External Travel - ICO/ACPC	21,633,490
External Travel - IACO	15,981,015
External Travel - Others	<u>32,267,600</u>
	<u>114,025,536</u>

DEVELOPMENT AUTHORITY
EXPENDITURE NOTES

FOR THE PERIOD ENDING 30TH. SEPTEMBER 2001.

	SHS.
5. Research and Development Costs	
R & D Nursery Funding	5,630,600
Research Activities	0
District Coffee Co-ordinators	205,640,778
Modernisation Programmes	6,592,800
Monitoring & Evaluation	34,840,155
Replanting Programme	39,375,192
Coffee Promotion	66,638,893
Training and Seminars	<u>16,035,050</u>
6. Information Systems	<u>374,753,468</u>
Monitoring Activities	17,347,363
Departmental Publications	1,146,000
Market Research/Stock Verification	10,196,480
Reuters Services	12,500,000
ICO Publications	0
UCDA Annual Report	<u>7,010,500</u>
7. Quality and Regulatory	<u>48,200,343</u>
Technical Extension Services	15,267,067
Export Pre-shipment Inspection	23,134,400
Export Documentation	1,929,352
Coffee Symposium etc.	0
Export Seals/Supplies	12,046,700
Specialty & Gourmet Coffee	3,395,000
Coffee Quality Enhancement	0
Roasting & Brewing	0
	<u>55,772,519</u>
8. Support to Coffee Organisations	
UCTF Support	9,000,000
UCFA Support	17,037,900
Coffee Research Institute (CORI)	2,000,000
Dry Processors Association	0
9. International Obligations	<u>28,037,900</u>
ICO - Contributions	100,000,000
IACO - Contributions	0
ACPC - Contributions	0
Prevention of Moulds	46,895,750
CFC Warehouse Receipt Project	4,433,762
CFC - Gourmet Project	2,018,000
	<u>153,347,512</u>

DEVELOPMENT AUTHORITY
EXPENDITURE NOTES

FOR THE PERIOD ENDING 30TH. SEPTEMBER 2001.

10. Depreciation/Provisions

	SHS.
Office Furniture	9,313,655
Computers & Peripherals	42,907,678
Office Equipment	3,870,688
Land and Buildings	118,466,387
Motor Vehicles	23,835,918
Commercial Vehicles	42,689,856
Hand Pulpers	0
Coffee Shop Equipment	0
Liquoring Equipment	6,991,424
Motor Cycles	4,857,862
Generator	1,007,488

11. Extra Ordinary Items

IACO	274,341,760
ACPC	112,500,000
ICO	25,000,000
Sub-Total	411,841,760

DEVELOPMENT AUTHORITY CASH FLOW STATEMENT

FOR THE PERIOD ENDING 30TH. SEPTEMBER 2001.

Cash Flow from Operating Activities	2000/2001	1999/2000
RECEIPTS	Shs.	Shs.
Cess	1,877,420,145	2,567,142,887
Rent	280,581,513	248,320,000
Interest Received	1,359,822	1,976,231
Sundry Income	<u>92,125,836</u>	<u>84,601,000</u>
Total Cash Inflows	<u>2,251,487,316</u>	<u>2,902,040,118</u>
PAYMENTS		
Employees Costs	968,095,548	979,527,194
Suppliers & Other Costs	<u>1,674,130,442</u>	<u>1,689,842,552</u>
Total Cash Outflows	<u>2,642,225,990</u>	<u>2,669,369,746</u>
Net Cash Flow Operating Activities	(390,738,674)	232,670,372
Cash Flow from Investing Activities		
Purchase of Office Equipment	(43,442,950)	(91,537,900)
Proceeds from Fixed Assets Sale	56,700,000	26,150,000
Net Cash flow from Investing Assets	13,257,050	(65,387,900)
Net Increase/(Decrease) in Cash & Cash Equivalent	(295,233,712)	167,282,472
Cash & Cash Equivalents at beginning Period	556,306,404	389,023,932
Cash & Cash Equivalents at end Period	261,072,692	556,306,404
Notes to Cash & Cash Equivalent		
Cash on Hand	183,200	0
Bank	49,039,228	300,806,096
Short Term Investment	<u>212,033,464</u>	<u>255,500,000</u>
	<u>261,255,892</u>	<u>556,306,096</u>

During the period the Authority received Motor Vehicles, furniture and office equipment to the tune of Shs. 185,715,041/=, Uganda Coffee Development Authority paid Shs. 43,442,959 as tax

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NET CASH FLOW FROM OPERATIONS ACTIVITIES NET SURPLUS/(DEFICIT)

Operating Surplus (Deficit)	(599,770,775)
Non Cash Activities	153,347,512
Provision for International Obligations	295,346,139
Depreciation	52,652,843
Provision for Doubtful Debts	(141,808,891)
Increase in Creditors/(Decrease)	(150,505,502)
Increase in Debtors	<u>(390,738,674)</u>



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