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Uganda Coffee Development Authority

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AUDITED ACCOUNTS 2003/04

There was a noticeable increase of 10.4% in the value of coffee exports during the year under review (2003/04) that ended on September 30, 2004 compared with last year 2002/03 despite a 5.3% drop in the quantity exported. The improvement is attributed to the general rise in coffee prices on the world market.

The focus of UCDA board is in the following result areas: replanting to replace the old and diseased trees, quality improvement, value addition and promotion, and support for research into CWD resistant varieties. Research work at the Coffee Research Institute (CORI) at Kizuza has come up with some robusta lines that are resistant to CWD. Although on-station and field trials are ongoing, preliminary results have sent a ray of hope to the industry. The proven varieties might be released to farmers in a year's time.

The concept of coffee villages and out grower scheme around the wet mills was the centre of attention for the replanting programme this year. This approach augured well with the President's Election Manifesto – 2001 that requires each household, in the coffee districts, to have at least two (2) acres of coffee. 15.1 million seedlings were planted benefiting 76,720 farmers.

We are indeed grateful to the development partners who have invested huge sums of money in various activities within the supply chain. Special thanks go to FAO, the Project Executing Agency (PEA) for the global project on quality improvement through prevention of mould growth, the technical guidance that made the coffee subsector compliant with the food and safety requirements. Through this project a fully-fledged OTA analysis laboratory was put in place.

Uganda continues to show its presence in the mature and emerging markets through joint venture arrangements, and the quantities to these markets are steadily going up. Brand development and promotion will be emphasised in the coming years in order to have a living impression in these markets. These existing coffee brands: *Mt. Elgon Coffee*, *Crane Coffee*, *Mazag* and *Rwenzori Fine Coffee* are further penetrating their respective markets in Denmark, China, Egypt and South Africa.

On behalf of the Board, I would like to express my gratitude to the Minister of Agriculture, Animal Industry and Fisheries, Hon. Janet Mukwaya, and the staff of MAAIF for their continued guidance on policy issues. I also wish to thank the private sector, which, through their respective associations, has immensely contributed to the development of the industry. It is my sincere hope and wish that the bond, public-private-partnership, is enhanced in the coming years for the benefit of the ordinary household.

To my fellow Board Members, UCDA management and staff congratulations for having successfully ended the year.

Finally, this report contains information that is very useful to people interested in the coffee sector; and therefore worth reading it. For God and my Country.

Paul Sempa-Mugambwa

ACRONYMS

APEP	-	Agricultural Productivity Enhancement Project
ASAC	-	Agricultural Structural Adjustment Credit
BCU	-	Bugisu Co-operative Union
CABI	-	Centre for Agriculture & Bioscience International
CBD	-	Coffee Berry Disease
CBS	-	Central Broadcasting Service
CFC	-	Common Fund for Commodities
CORI	-	Coffee Research Institute
CWD	-	Coffee Wilt Disease
DCC	-	District Coffee Co-ordinator
DFI	-	District Farm Institute
EAFCFA	-	East African Fine Coffees Association
EPOPA	-	Export Promotion of Organic Products from Africa
EU	-	European Union
FAQ	-	Fairly Average Quality
GAPs	-	Good Agricultural; Practices
GHPs	-	Good Hygienic Practices
GMPs	-	Good Manufacturing Practices
HACCPs	-	Hazard Analysis and Critical Control Points
IC	-	Implementation Committee
ICA	-	International Coffee Agreement
ICC	-	International Coffee Council
ICO	-	International Coffee Organization
IMI	-	International Mycological Institute
MAAIF	-	Ministry of Agriculture, Animal Industry & Fisheries
NARO	-	National Agriculture Research Organization
NSSF	-	National Social Security Fund
NTAE	-	Non-Traditional Agricultural Exports
PAF	-	Poverty Alleviation Fund
PEAP	-	Poverty Eradication Action Plan
RBS	-	Retirement Benefit Scheme
SIDA	-	Swedish International Development Agency
UCDA	-	Uganda Coffee Development Authority
UCFA	-	Uganda Coffee Farmers Association
UCTF	-	Uganda Coffee Trade Federation
UMA	-	Uganda Manufacturers Association
UNEX	-	Union Export Services
USAID	-	United States Agency for International Development
WRS	-	Warehouse Receipt System
WTO	-	World Trade Organisation

EXECUTIVE SUMMARY

MARKETING

1. A total of 2.52 million 60-kilo bags comprising 1.98 m and 0.54 m bags of robusta and arabica respectively, were exported in 2003/04. This represented an overall drop in volume of 5.6% compared to the previous year. Robusta coffee fell by 10.8% while the quantity of arabica went up by 22.3%. Coffee wilt disease, bad weather in robusta areas and old coffee trees continue to explain the drop in volume
2. However, the value of export rose by 10.4% from US 104.8 million in 2002/03 to \$ 115.7 million, where robusta fetched \$ 82.6 m and arabica \$ 33.1 m. The overall unit price stood at 76 cts/kilo, 10 cts up over last year. Arabica prices averaged 107 cts, up from 86 cts while that of robusta was 70 ct/kilo. The increase was largely due to a global supply deficit arising from a small crop in major producing countries. Global production in 2003/04 was estimated at 103.4 million bags, down from 114.1 million bags the year before, resulting a deficit of around 12 m bags over consumption.
3. An improvement in farm gate prices was recorded during the year for Kiboko at Shs. 500, FAQ – Shs. 1,090 in the case of robusta and Shs. 1,390 / kilo for arabica parchment.
4. There were 29 registered exporting companies, 5 of which, namely: Ziwango, Natural Coffee, Gumutindo, Sitanida Agencies Ltd. and Joval Intercommercial Ltd. were new entrants in the coffee export business.
5. The top five exporters – Pan Afric Impex, Kawacom (U) Ltd., Ugacof Ltd. Kyagalanyi Coffee Ltd. and Olam (U) Ltd. - held a market share close to 60%, an element of concentration in the internal market.
6. Similarly, the top 5 overseas buyers namely Olam International, Sucafina, Socadec, Decotrade and Drucafe had around 50% of the total exports.
7. Coffee exports to EU countries, the main destination of Uganda coffee, stood at 1.83 million bags, which is 72.6% of total exports. The Sudanese market continues to be a major destination in Africa with a 15% market share.

QUALITY AND REGULATORY

8. Local authorities in the districts of Mbale, Masaka, Kayunga, Jinja, and Kamuli fully participated in the quality improvement sensitisation workshops and enforcement of coffee regulations.
9. Generally, the quality of coffee in the field was good but there were a few cases of milling of semi-dried coffee, sun-drying in unsuitable yards and the adulteration of processed coffee (FAQ) with BHP's and other extraneous matters. Farmers and

educated on the dangers associated with such practices
sun-dried Kiboko and Parchment.

10. Outturn averaged 56%, a 1% drop compared to last year. The drop in outturn was more pronounced in the central region, with 53.2% mainly due to dry weather. The percentage of screen 18 continued to be above 10% over the years, which is attributed to the maturity of clonal coffee and improved crop husbandry.
11. Generally, the cup taste was clean and better than last year, which is attributed to improved handling practices at all stages in the value chain.
12. At the export grading factories, in-process control measures were implemented by UCDA trained quality controllers who evaluated FAQ deliveries.
13. The project of coffee quality improvement through prevention of mould growth, research work on drying protocols - hindered drying, delayed drying and surface comparison drying, to establish the water activity windows for OTA producing fungi continued. The findings from all the participating countries are expected in June 2005 and will later be submitted to ICO in September 2005.
14. Experiments to identify the defects of black beans, broken bean, insect damaged, etc are prone to OTA producing fungi are ongoing. The results will be compared with those of the sound beans from the same sample. These tests will justify the removal of the lower coffee grades from the consumption chain in the bid to improve quality and fetch higher prices.
15. A socio economic study to evaluate the feasibility of the new drying technologies recommended by the project to reduce contamination at the farm level is going on.
16. Equipment for the analysis of mycotoxins in coffee worth US \$ 200,000 purchased with funds from the CFC was handed over to UCDA by FAO, the PEA. The laboratories have enhanced UCDA's ability to monitor OTA levels in green coffee.

DEVELOPMENT

17. Under the coffee replanting program, about 15 million plantlets were distributed to over 76,000 farmers through the District allocation and coffee village arrangement.
18. A multi-sectoral monitoring and evaluation exercise was carried out in all coffee growing areas. The purpose was to establish the impact of the coffee replanting on productivity and farmer incomes. Results from the exercise show that coffee planted in 1999/2000 is now harvestable with an average yield of 5-10 kgs of kiboko per tree. This is especially in the districts of Bushenyi, Mbarara, Ntungamo, Masaka, Rakai, Luweero, Mubende and Mukono.
19. Coffee introduced, on trial basis, in the districts of Gulu, Kitgum, Adjuman, Moyo, Lira and Apac has matured and bearing fruits although the quantities are still small. The quality however is very good.

RESEARCH

20. The major areas of focus in coffee wilt disease research are:

and distribution of appropriate technologies for

- (b) Studies of the ethiology, pathogenesis and epidemiology of CWD;
 - (c) Screening coffee germplasm for resistance to CWD; and
 - (d) Adaptation trial for new clonal varieties of Robusta coffee.
21. Steady progress has been made in the development of robusta coffee lines resistant to the disease. Sustained screening programme has to-date identified 593 CWD resistant robusta coffee clones. These were identified among seedlings of germplasm collection at CORI, and have been planted in mother gardens. 143 out of the 593 CWD resistant robusta coffee clones have been planted out on-station in a CWD infected garden for field evaluation. 286 CWD resistant robusta coffee clones have also been identified among cuttings and seedlings from “CWD hot-spots” in farmers’ fields, and have been planted out in a mother garden.
22. Attempts are being made to confer resistance to CWD to the current commercial robusta coffee clones through cross breeding. 120 crosses have been made between the 6 commercial robusta clones and the CWD resistant robusta. Further, 25 crosses have been made among the resistant robusta clones themselves.
23. The Arabica coffee improvement programme mostly focused on the improvement of cup quality, and development of varieties that are resistant to coffee berry disease and coffee leaf rust. During the reporting period, 59 crosses were made among various arabica coffee varieties in the CORI germplasm, and these have been planted out in coffee nursery unit at Bugusege Coffee Research sub-station.
24. Evaluation of the lowland Arabica coffee materials continued in several local on-farms in different agro-ecological zones. Trial sites were established at Kachwekano, Mukono, Mbarara and Bulegeni ARDCs. Farmers and farmer groups in Rukungiri (8), Wakiso (4), Masaka (5), Mbale (2), Kumi (4), Soroti (4), Mpigi (4), Bushenyi (4), Kyenjojo (4), Hoima (2) and one (1) each in Tororo, Busia and Luweero are hosting the on-farm evaluations.
25. Expansion of the mother garden of the 10 selected arabusta coffee clones planted at Kituza continued during the period. These consist of 8 clones with close attributes to Arabica coffee while 2 clones have characteristics close to Robusta coffee.
26. 410 cuttings from 8 clones have been planted at 3 sites in Mukono (Kituza), Mubende and Luweero districts for field evaluations. More cuttings of the 10 clones are being raised in the nursery at Kituza for establishing more on-farm trials.

ADMINISTRATION AND MANAGEMENT

27. His Excellency, the President of the Republic of Uganda, Yoweri Kaguta Museveni visited the operations of the House of Uganda Coffee in Denmark where he launched the selling of Uganda Coffee, the ‘Mt. Elgon Coffee’ brand, in the Scandinavian countries. Presently, this coffee is available on the shelves of 860 outlets in these countries.

ni visited one of the coffee shops at the Beijing Centre, on May 28th, 2004 where he was received by members of the Joint Venture Board: Mr. Chen Ji, Mr. Paul Mugambwa, Mr. Ishak Lukenge and Mr. Henry Ngabirano.

29. H.E. President Yoweri Kaguta Museveni visited the United States and Brazil in May/June 2004 on a trade promotion mission for Uganda's products. His main interest was to secure investment finance for a modern coffee roasting and soluble coffee plant in Uganda. UCDA Managing Director was a member of the President's entourage.
30. Mr. Charles Peke Walimbwa, the Uganda High Commissioner to India, introduced a group of Indian businessmen – SEHGAL – who want to invest in the Uganda coffee industry and also to promote Uganda coffee in India and the rest of Asia. A memorandum of understanding was signed between SEHGAL and UCDA. Later in the year, SEHGAL and Victoria Coffees Ltd, a Ugandan company, jointly exhibited Uganda coffee in India.

1.0 INTRODUCTION

The board continued to fortify the ongoing policies, namely - replanting, quality improvement, value addition, promotion and market information provision - within the coffee industry in order to enhance the competitiveness of the sector in the global arena and improve household incomes under the poverty alleviation crusade.

1.1 REPLANTING

The replanting policy aims at replacing the old coffee trees, containing coffee wilt disease and introducing coffee in non-traditional coffee areas as a backup. The whole objective is to increase productivity without necessarily expanding area under coffee, especially in the robusta districts. The policy is implemented through:

- The concept of coffee villages where each farm household within the befitting village receives at least 200 seedlings;
- Establishment of catchment areas for the new wet mills and having out-grower schemes around the upcoming coffee plantations.

The policy also encourages farmers to adopt sustainable production processes that conserve ecological resources such as bio-diversity; and promotes entrepreneurial culture among the coffee farmers.

Coffee farmers are organised into viable economic entities (Farmer associations) to take advantage of market opportunities – contract farming, traceability issues, etc.

1.2 QUALITY IMPROVEMENT

UCDA is pursuing the policy of continuous quality improvement towards the industry vision: ‘To make Uganda a distinguished origin of high value coffees’. This is implemented through re-introduction of washed robustas, production of specialty coffees, promotion of estate-grown coffees, and strict enforcement of coffee regulations.

1.2.1 Wet Processing

1.2.1.1 Rehabilitation of wet processing stations in Mt. Elgon arabica coffee area and promotion of washed robusta coffee to improve the organoleptic quality characteristics of robustas is underway. The infrastructure for wet processing is being developed in the traditional robusta areas. Around these plants, farmers have been organised into

a sustainable catchment area for the necessary (series) to the mills.

- 1.2.1.2 The policy in the arabica areas is to rehabilitate the central pulperies – two such pulperies one at Gibuzale and the other at Manafwa in the Mt. Elgon region have been rehabilitated. Efforts are also going on in Kasese and Bundibugyo to turn Drugar into Wugars.

1.2.2 Specialty Production

- 1.2.2.1 Market segmentation and product development is being pursued through production of Organic and fair trade coffee policies that emphasise sustainability in the entire supply chain.
- 1.2.2.2 Appellation policy to take advantage of the unique physical and climatic characteristics of the various coffee growing areas that impart intrinsic quality to coffee is being encouraged in the Rwenzori, Kisoro and Mt. Elgon areas.

1.3 PROMOTION AND VALUE ADDITION

1.3.1 Value addition:

- 1.3.1.1 Individual entrepreneurs are encouraged and assisted to form joint ventures with roasters in consuming countries. Coffee is roasted and packaged in conformity with the food and safety regulations of the respective consuming countries and to the taste of the consumers.
- 1.3.1.2 A number of roasters for domestic market have come up with improved packaging materials that prolong the shelf-life of the coffee products.

1.3.2 Promotion

- 1.3.2.1 Generic promotion through participation in local and international trade shows and symposia is emphasised. Uganda coffee samples are periodically sent to renowned roasters and cuppers to have a feedback on the market tastes.
- 1.3.2.2 Market penetration and development - this policy is geared towards increasing market slices in the traditional destinations of Uganda coffee; and entering new markets such as in China, South Africa and Egypt. In all these attempts, joint ventures are being undertaken.

1.4 RESEARCH

- 1.4.1 The policy is breeding for resistance to diseases, multiplication of resistant materials for on-farm trials and the multiplication of the current commercial lines for the replanting programme and quantification of losses at farm and national levels.

Chapter Two

COFFEE MARKETING

2.0 GENERAL PERFORMANCE

In 2003/04, coffee exports fell by 5.3% from 2.66 million 60-kilo bags recorded in the previous year to 2.52 million bags. The drop was mainly due to coffee wilt disease, old age of coffee trees, bad weather and poor crop husbandry practices, which coincided with the off-year biennial cycle.

On the other hand, the corresponding value of export rose by 10.4% from US \$ 104.8 million in 2002/03 to \$ 115.7 million. The improvement is attributed to the general rise in world coffee prices arising from a global production deficit of around 12 million bags.

2.1 COFFEE PROCUREMENT

Marketed production in 2003/04, recorded directly from farmers, was in the region of 2.8 million bags (166,130 tonnes), which was slightly higher than last year when a total of 2.73 million 60-kilo bags (163,780 m/tonnes) was realised. This comprised robusta, which was around 80% and arabica – 20%. Table 1.0 gives the breakdown of annual procurement figures by type in the last six years.

Table 2.1 Coffee Procurement by Type: 1998/99 - 2003/04 - 60-kilo bags.

COFFEE YEAR	COFFEE TYPE		TOTAL	% -Age Change Over the previous year
	Robusta	Arabica		
Average	2,675,225	468,532	3,143,756	
2003/04	2,221,850	542,104	2,763,954	1.3
2002/03	2,284,649	444,794	2,729,443	(16.4)
2001/02	2,849,686	414,767	3,264,453	1.0
2000/01	2,752,429	480,920	3,233,349	7.1
1999/00	2,518,135	499,981	3,018,116	(21.7)
1998/99	3,424,589	428,624	3,853,213	23.5

The volume of Arabica in 2003/04 stood at 542,104 bags, which was 21.9% up compared to 444,794 bags realised in 2002/03. Over a period of six years, the Arabica proportion has averaged 15% of total procurement, representing an increase of 5.0%. This is attributed to good weather in Arabica growing areas, and the deliberate policy to step up Arabica coffee production in the country. On the other hand, the proportion of robusta coffee has continued to fall largely due to coffee wilt disease.

Table 2.2 gives comparative procurement figures for the years 2003/04 and 2002/03 on a monthly, respectively for both robusta and arabica. The peak in procurement was realised in July/August, the harvesting period for the main

tern Uganda, and this is the period when frost
, prompting farmers to release held stocks.

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

MONTH	2003/04			2002/03		
	Robusta	Arabica	Total	Robusta	Arabica	Total
TOTAL	2,221,850	542,104	2,763,954	2,284,649	444,794	2,729,443
OCT.	98,106	40,100	138,206	195,609	42,001	237,610
NOV.	85,445	50,235	135,680	232,001	43,014	275,015
DEC.	261,084	60,001	321,085	290,157	33,100	323,257
JAN.	271,925	66,204	338,129	271,899	46,107	318,006
FEB.	195,203	62,639	257,842	214,532	36,152	250,684
MAR	174,001	54,725	228,726	129,158	35,024	164,182
APR.	130,229	52,300	182,529	79,100	51,129	130,229
MAY	140,284	57,356	197,640	110,021	55,162	165,183
JUN.	287,134	32,417	319,551	220,415	35,234	255,649
JUL.	265,501	24,595	290,096	230,133	32,435	262,568
AUG.	169,028	19,573	188,601	170,799	20,105	190,904
SEPT	143,910	21,959	165,869	140,825	15,331	156,156

2.20 COFFEE EXPORT PERFORMANCE

Table 2.3 gives monthly coffee export performance during the year, in terms of volume and value, in comparison with the previous year. A total of 2.52 million 60-kilo bags worth \$ 115.7 million were exported, representing a decrease in volume of 5.3% but an increase in value of 10.4% over last year.

Table 2.3 Comparative Coffee Export Performance: - 60-Kg Bags & \$

MONTHS	2003/04		2002/03		%age Change	
	Qty	Value \$	Qty	Value \$	Qty	Value \$
Grand	2,523,042	115,705,844	2,663,88	104,787,094	(5.3)	10.4
OCT.	133,774	5,531,235	222,886	7,094,916	(40.0)	(22.0)
NOV.	137,920	5,960,398	262,187	9,520,894	(47.4)	(37.4)
DEC.	228,577	10,055,251	303,018	11,232,301	(24.6)	(10.5)
Qtr - 1	500,271	21,546,884	788,091	27,848,111	(36.5)	(22.6)
JAN.	296,041	13,382,527	302,881	12,652,766	(2.3)	5.8
FEB.	235,193	11,215,555	230,720	10,435,633	1.9	7.5
MAR	235,578	11,912,013	162,227	6,850,712	45.2	73.9
Qtr - 2	766,812	36,510,095	695,828	29,939,111	10.2	21.9
APR.	177,569	8,766,967	121,271	4,783,233	46.4	83.3
MAY	180,901	8,617,413	162,063	6,940,275	11.6	24.2
JUN	263,178	12,648,736	253,528	9,986,185	3.8	26.7
Qtr - 3	621,648	30,033,116	536,862	21,709,693	15.8	38.3
JUL.	284,090	12,805,080	284,706	11,178,291	(0.2)	14.6
AUG	187,365	7,873,035	201,192	7,917,988	(6.9)	(0.6)
SEP	162,856	6,937,634	157,209	6,193,900	3.6	12.0
Qtr - 4	634,311	27,615,750	643,107	25,290,179	(1.4)	9.2

TYPE AND GRADE

by type, grade, value and the realised unit price against last year. Robusta coffee exports totalled 1,979,353 bags worth US \$ 82.6 million, which was a drop in volume compared to the previous year when 2,221,440 bags worth \$ 81.8 million were recorded. The drop in volume is largely a function of the dry weather that was experienced during the year, and coffee wilt disease, which has cumulatively destroyed over 45% of all the old robusta trees since 1993, according to the CORI/CABI baseline survey report – 2002.

Table 2.4 Coffee Exports by Type, Grade, Value & Unit price:

- In 60-Kilo bags, US \$ & \$/Kilo -

Type /Grade	2003/04			2002/03		
	Qty	Value \$	Unit Price	Qty	Value \$	Unit Price
G/Total	2,523,042	115,705,845	0.76	2,663,888	104,787,094	0.66
Robusta	1,979,353	82,608,487	0.70	2,221,440	81,843,934	0.61
Organic	1,828	80,568	0.73	2,500	120,723	0.80
Washed	210	10,232	0.81	746	36,514	0.82
Sc. 1900	640	36,402	0.95	-	-	-
Sc. 1800	203,814	9,670,622	0.79	196,102	8,387,535	0.71
Sc. 1700	89,029	4,126,675	0.77	93,001	3,906,042	0.70
Sc. 1500	1,182,974	51,283,838	0.72	1,242,441	47,950,525	0.64
Sc. 1400	44,687	1,843,451	0.69	75,945	2,814,631	0.62
Sc. 1300	9,049	378,451	0.70	10,891	421,926	0.65
Sc. 1200	308,145	11,821,423	0.64	432,095	15,418,363	0.59
BHP 1199	62,394	1,329,337	0.36	89,303	1,116,705	0.21
Others **	76,583	2,027,488	0.44	78,416	1,670,970	0.36
Arabica	543,689	33,097,358	1.01	442,448	22,943,160	0.86
Organic	5,104	399,122	1.30	4,380	339,947	1.29
Bugisu AA	97,827	7,102,148	1.21	67,031	4,471,639	1.11
Bugisu A	50,347	3,729,963	1.23	29,295	1,839,612	1.02
Bugisu B	6,884	441,117	1.07	7,831	464,920	0.99
Bugisu PB	13,230	898,598	1.13	9,263	571,396	1.03
Arabica AB	42,604	3,289,424	1.29	26,770	1,846,405	1.15
Arabica-UG	6,886	164,989	0.40	3,097	112,552	0.61
Wugar	46,536	3,296,845	1.18	47,090	2,922,831	1.03
Drugar	243,527	12,803,274	0.88	225,921	9,821,370	0.72
Others **	30,744	971,878	0.53	21,770	552,488	0.42

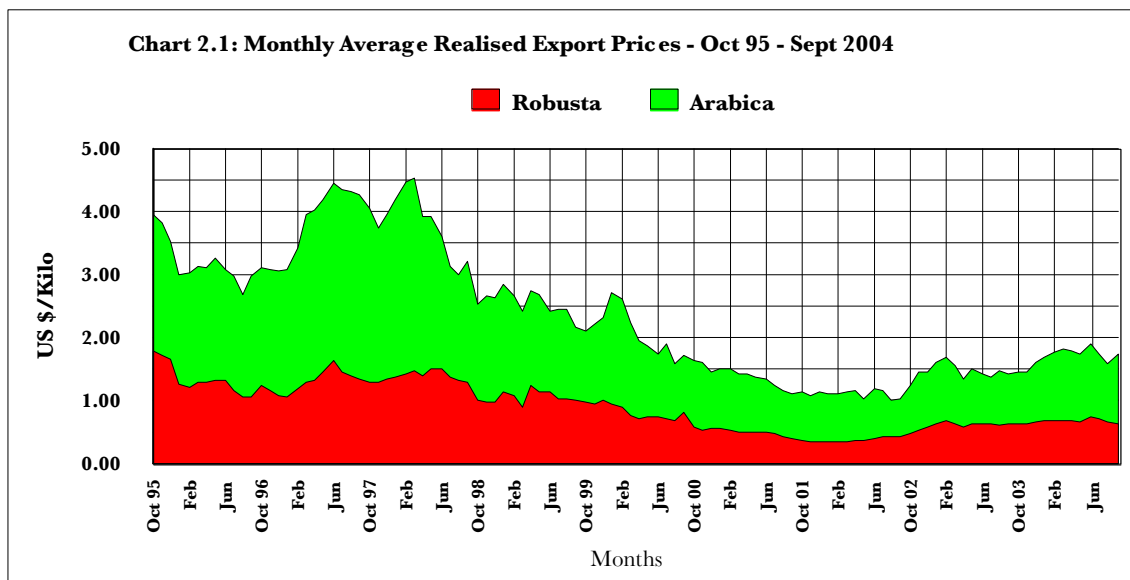
** Others: - coffee sold on sample basis

Among the robustas, organic coffee totalled 1,828 bags, a drop of 26.9% from last year when 2,500 bags were recorded. The realised unit price also fell from 80 cents/kilo to 73 cents. The drop in the volume of organic robusta exported

The price differentials between robusta in the conventional market averaged 70 US cents/kilo; up from 61 US cents in 2002/03, this was in line with the general improvement in prices on the world market.

Arabica coffee exports totalled 543,683 bags worth \$ 33.1 million, an increase of 21.5% in volume and 50% in value. Export price for Arabica averaged \$ 1.01/kilo, up from 86 US cents registered in the previous year. Of the arabica grades, organic arabica fetched the highest price of \$ 1.30/kilo.

Overall, there was an improvement in the average realised price during the year, which rose from 66 US Cents/kilo in 2002/03 to 76 cents. The increase was largely due to a global supply deficit arising from a small crop in major producing countries. Coffee production in 2003/04 was estimated at 103.4 million bags, down from 114.1 million bags the year before. Chart 2.1 illustrates the monthly average realised FOR/T export prices since October 1995 to September 2004 for both arabica and robusta coffee from Uganda.



2.22 REGISTRATION OF SECTOR PARTICIPANTS

A total of 287 sector participants were registered during the year as shown in Table 2.5. Of the 29 exporters, 5 were new entrants – Ziwango, Natural Coffee, Gumutindo, Sitanida Agencies Ltd. and Joval Intercommercial Ltd. – the rest were renewals.

Table 2.5 Registered Subsector Players

CATEGORY	2001/02	2002/03	2003/04
1. Exporters	33	31	29
2. Export grade factories	28	24	18
3. Hulleries	215	240	230

	6	7	10
	282	302	287

2.23 PERFORMANCE BY INDIVIDUAL EXPORTERS

There were 29 registered coffee exporters during the year but 2 – Jamal Ramji Curing Co Ltd. and De’semaline Inc Ltd. – only provided grading services for export coffee.

Table 2.6 gives the performance by quantity; market share and cumulative percentage, of the individual players in export marketing. Pan Afric Impex topped the list with a market share of 14.6% followed by Kawacom (U) Ltd. – 14.2% and so on. On a cumulative basis, the top ten companies had a market share of 86.2%, an increase of 4.2% compared to the previous year when the top 10 held 82%. The same 10, apart from a change in relative positions, topped the list last year, a sign of further concentration.

Table 2.6 Performance by Individual Exporters: - Oct/Sept 2003/04

	EXPORTER	Qty	% - Age Market Share	
			Individual	Cumulative
	GRAND TOTAL	2,523,042	100.0	-
1	PAN AFRIC IMPEX	369,156	14.6	14.6
2	KAWACOM (U) LTD	357,279	14.2	28.8
3	UGACOF LTD	263,635	10.4	39.2
4	OLAM (U) LTD	240,411	9.5	48.8
5	KYAGALANYI COFFEE LTD	237,603	9.4	58.2
6	GREAT LAKES	212,710	8.4	66.6
7	JOB COFFEE	185,227	7.3	74.0
8	IBERO (U) LTD	120,586	4.8	78.7
9	KAMPALA DOMESTIC STORE	119,348	4.7	83.5
10	NAKANA COFFEE FACTORY	69,682	2.8	86.2
11	WABULUNGU MULTI-PURPOSE ESTATE	64,315	2.5	88.8
12	UNION EXPORT SERVICE (UNEX)	42,772	1.7	90.5
13	MBALE IMPORTERS & EXPORTERS	41,654	1.7	92.1
14	BUGISU CO-OPERATIVE UNION	41,198	1.6	93.8
15	BUSINGYE & CO	37,566	1.5	95.2
16	SIMBA CAFE'	37,430	1.5	96.7
17	SAVANNAH	20,464	0.8	97.5
18	H.M. NSAMBA & SONS LTD.	18,386	0.7	98.3
19	MTL MAIN TRADERS	13,720	0.5	98.8
20	BAKWANYE TRADING CO.	11,871	0.5	99.3
21	JOVAL INTERCOMMERCIAL LTD	6,424	0.3	99.5
22	NATURAL COFFEE	5,278	0.2	99.7
23	GUMUTINDO	2,400	0.1	99.8
24	SITANIDA AGENCIES LTD	2,377	0.1	99.9
25	CLANITA COFFEE (U) LTD	640	0.0	100.0
26	ZIWANGO COFFEE LTD	640	0.0	100.0
27	ZIGOTI COFFEE WORKS	270	0.0	100.0

2.24 COFFEE EXPORTS BY DESTINATION

Coffee exports to all destinations during the year are as represented in table 2.7 below. Coffee to European Union¹ (EU) countries stood at 1.83 million bags, a drop of 16.8% compared to last year. But on the whole, EU's market share for Uganda coffee was 72.7%, followed by the Sudan at almost 15%. Total exports to Africa amounted to 394,346 bags, which represents 15.6% of the total exports. Last year coffee exports to African countries totalled 228,230 bags and the market share was 9.0%, the main destinations in Africa being: Sudan, Eritrea, Morocco and South Africa.

Table 2.7 Uganda Coffee Exports to all Destinations - 60-Kilo bags.

	DESTINATIONS	TOTAL	% - MARKET SHARE	
		60-Kilo Bags	Individual	Cumulative
GRAND TOTAL		2,523,042	100.00	
1	EU ¹	1,889,799	74.90	74.90
2	SUDAN	377,144	14.95	89.85
3	SWITZERLAND	67,627	2.68	92.53
4	USA	17,054	0.68	93.21
5	JAPAN	7,820	0.31	93.52
6	MOROCCO	6,364	0.25	93.77
7	TUNISIA	5,218	0.21	93.97
8	ROMANIA	4,914	0.19	94.17
9	ISRAEL	3,611	0.14	94.31
10	EGYPT	2,184	0.09	94.40
11	ERITREA	2,100	0.08	94.48
12	SINGAPORE	1,960	0.08	94.56
13	ALGERIA	1,336	0.05	94.61
14	HONG KONG	1,313	0.05	

¹ Members of EU countries include: Austria, Belgium, Cyprus, Czech Rep., Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, The Netherlands and United Kingdom

				94.67
		1,240	0.05	94.71
16	CHINA	664	0.03	94.74
17	CANADA	320	0.01	94.75
18	SOUTH AFRICA	320	0.01	94.77
19	OTHERS	132,054	5.23	100.00

2.25 COFFEE EXPORTS BY OVERSEAS BUYERS

Table 2.8 represents overseas coffee buyers by quantity and market shares. The top 10 coffee buyers collectively had 73.1%, a 2% drop in market share compared to the previous year when the top 10 held a market share of 75%.

Olam International topped the list with 11.1% followed by Sucafina, Socadec, Decotrade, and Drucafe with 10.6%, 10.5%, 10.1% and 7.0%, respectively as outlined in the table below.

Table 2.8 Overseas Buyers of Uganda Coffee in 2003/04 - 60 -kilo bags.

	OVERSEAS BUYERS	Qty	PERCENTAGE MARKET SHARE	
		60-Kilo Bags	Individual	Cumulative
	GRAND TOTAL	2,523,042	100.00	-
1	OLAM INTERNATIONAL Ltd.	279,323	1.07	11.1
2	SUCAFINA	267,501	10.60	21.7
3	SOCADEC	264,035	10.46	32.1
4	DECOTRADE	254,906	10.10	42.2
5	DRUCAFE	177,562	7.04	49.3
6	BERNARD ROTHFOS	153,627	6.09	55.4
7	COFFTEA (SUDAN).	139,445	5.53	60.9
8	ECOM AGROINDUSTRIALISTS	127,746	5.06	66.0
9	ICONACAFE	95,307	3.78	69.7
10	ANDIRA	84,981	3.37	73.1
11	VOLCAFE	61,510	2.44	75.5
12	ALDWAMI.	49,735	1.97	77.5
13	OTHERS	567,304	22.48	79.2

2.30 PRICE MOVEMENT

2.31 LOCAL PRICES

Table 2.9 gives the monthly average farm-gate prices realised during the year for Kiboko (dry cherries), FAQ and arabica parchment. There was a drop in robusta coffee prices at the farm level: Kiboko prices averaged Shs. 500 per

d to last year while FAQ prices averaged Shs. compared to the price realised last year.

Table 2.9 Monthly Average Farm-gate Prices in – Shs/Kilo

2003/04	ROBUSTA		ARABICA	
	Kiboko	F.A.Q	Parchment	
Oct - 03	525	1,200	1,350	
Nov - 03	425	1,035	1,350	
Dec - 03	500	1,065	1,350	
Jan - 04	600	1,350	1,600	
Feb - 04	500	1,100	1,400	
Mar - 04	600	1,200	1,600	
Apr - 04	575	1,050	1,375	
May - 04	500	1,100	1,400	
Jun - 04	500	1,100	1,400	
Jul - 04	450	995	1,325	
Aug - 04	430	940	1,300	
Sep - 04	425	945	1,225	
Average	2003/04	500	1,090	1,390
	2002/03	530	1,080	1,200

However, the average realised price for arabica parchment went up by Shs 190 to Shs. 1,390/Kilo. The improvement in arabica prices is explained by a sharp fall in supplies of arabica coffee globally.

Table 2.10 shows a series of farmers' earnings as a percentage of FOR/T prices, Kampala over the years. The percentage of FAQ price to FOR/T price, Kampala, dropped slightly from 78% in 2002/03 to 77% this year on the account of appreciation of the local shilling against the US dollar.

The exchange rate dropped by 13.5 percent from around Shs. 1,990 per US dollar in October 2003 to Shs. 1,721 in September 2004.

Table 2.10 Farmers' Percentage Share of FOR/T Kampala Prices

COFFEE YEAR	Average Price in Shs/Kilo		% -Age Share
	F.A.Q	SC. 1500	
1999/2000	1,100	1,580	70
2000/01	700	997	70
2001/02	520	778	67
2002/03	1,080	1,386	78
2003/04	1,090	1,420	77

2.40 DOMESTIC CONSUMPTION STUDY

A baseline coffee consumption survey was conducted during the year in conjunction with the Uganda Coffee Roasters Association (UCRA). The objectives of the survey were to:

- Determine the level of coffee consumption in Uganda;

ences in coffee consumption in Uganda;
quality of local roasters vis-à-vis demand; and

- Establish the factors affecting the local demand for coffee.

The study was conducted in eight (8) districts that were purposively chosen, two from each of the four regions: Central, Eastern, Western and Northern Uganda. These included Masaka, Kampala, Iganga, Mbale, Mbarara, Kabale, Arua and Lira.

Below are some of the findings:

- The level of domestic coffee consumption was estimated to be in the region of 3% of total production, which is equivalent to 100,000 bags. The most favourite brands in the market were *Nescafe*, *Elgon Pride*, *Star Coffee* and *Nguvu* coffee in that order;
- 40% of the institutions sampled took coffee twice a day; this was the case in all the regions but Northern Uganda. On average, a cup of coffee cost Sh.500/= with variations from region to region and depending on the quality of the coffee cup;
- On local roasting, the report revealed the following: -
 - Roasters expressed the need for more training in roasting techniques and quality aspects;
 - Most of their roasting, grinding and packaging facilities were obsolete, thus the need to replace them;
 - Lack of quality standards at the roaster level was also aired as a major hindrance to enhanced performance of local roasters.
- On the factors affecting domestic coffee consumption, 67.3% of the respondents cited high price of the beverage as compared to close substitutes like tea, inconsistent cup quality with 56.8% of the respondents reporting, while some believe that coffee is associated with high blood pressure, lack of sleep and affects lactating mothers.

From the study, it was noted that in order to boost domestic coffee consumption there is need to launch an aggressive coffee promotional campaign on radio, TV, schools, etc about the positive attributes of coffee consumption. And also to provide training to roasters and hotel operators in good brewing practices.

2.50 CLOSING STOCKS

Table 2.8 represents the stock position at the close of the coffee season – September 30, 2004. Stocks at the export and primary processing levels were estimated at – Robusta 375,267 bags and Arabica 76,915 bags, making a total of 452,182 bags.

Table 2.8 Coffee Stock Movement – 60-Kilo Bags –

	Robusta	Arabica	Total
	364,620	85,104	449,724
Total Production	2,100,000	560,500	2,750,000
Availability	2,464,620	645,604	3,110,224
Domestic Consumption	110,000	25,000	135,000
Exports (Oct/Sept)	1,979,353	543,689	2,523,042
Closing Stock	375,267	76,915	452,182

2.60 OUTLOOK FOR 2004/05

Coffee production in 2004/05 is likely to remain virtually unchanged, at around 2.7 million bags, in the previous year in the following proportions: Arabica 15% and Robusta 85%. Exports are projected at 2.6 million bags, 4% higher than in the previous year.

Globally, a supply deficit of around 8 million bags is projected against a consumption level of 114 million bags in the coming year. Supply shortages are envisaged in major coffee producing countries – Brazil, Vietnam, and Colombia.

On the account of the above, price discovery is expected but it will be more pronounced in Arabicas.

3.1 TECHNICAL EXTENSION SERVICES

Post harvest technical extension services in processing and maintenance of good quality coffee were provided to the subsector players in the entire supply chain. During the year 220 buying stores, 250 dry processing factories, 25 central washing stations, 24 export grading plants, 29 exporting companies and 10 roasters were visited. And several farmers were assisted to identify suitable pulping equipment.

3.2 QUALITY IMPROVEMENT/AWARENESS CAMPAIGN

Local authorities continued to play a significant role in coffee quality improvement through sensitisation workshops that were jointly organised with UCDA. In the districts of Mbale, Masaka, Kayunga, Jinja, and Kamuli, resolutions and byelaws enforceable by the Local authorities were made.

The major quality problems identified during the year were milling of semi-dried coffee, sun drying in unsuitable yards and the adulteration of processed coffee (FAQ) with BHP's and other extraneous matters. Supply chain players were sensitised on the dangers associated with the above practices and cautioned to hull Kiboko or Parchment that is well dried to moisture contents below 14 %.

During field inspection, factories found processing wet coffee and buying centres dealing in wet processed coffee were suspended from operation for at least 2 weeks. Any adulterated coffee lots were impounded and the dealers were prosecuted in courts of law. Masaka district authorities in conjunction with the Masaka Coffee Buyers and Processors Association and UCDA had checkpoints along the main highway as a measure to curb the movement of poor quality coffees within the district.

At the export grading factories, in-process control measures were instituted by placing UCDA trained quality controllers to evaluate the quality of FAQ deliveries at each factory and the processed coffee for export.

3.3 FIELD QUALITY EVALUATION

To have an overview of the yield and field quality of the main crop in the various growing areas, tests based on the out-turn and screen size distribution were undertaken at the beginning, peak and tail end of the season in all the coffee growing districts. The samples of Kiboko and Parchment drawn from each region were analysed at the UCDA laboratory at a moisture content of less than 12.5 %. But sorting of the green coffee beans was not by density. Table

outturn and screen distribution in the last three coffee region.

Generally, there was a drop in outturn from an average of 57% last year to 56%, mainly due to weather variations. The drop in outturn was more pronounced in the central zone that recorded 53.2%. The area was worst hit by the dry spell.

Table 3.1 Percentage Out-turn & Screen Distribution of Robusta Coffee

COFFEE ZONE ²	COFFE YEAR	OUTTURN	Screen Retention			
			1800	1500	1200	<12
1. South Western	2001/02	57.3	11.3	69.6	17.5	1.6
	2002/03	57.1	14.4	67.5	17.3	0.8
	2003/04	56.8	14.7	68.3	16.4	0.6
2. Western	2001/02	56.8	9.7	66.4	23.1	1.0
	2002/03	57.2	15.2	63.1	28.6	2.3
	2003/04	56.4	13.9	66.7	17.9	1.5
3. Masaka	2001/02	57.3	12.9	65.6	20.3	1.2
	2002/03	56.5	12.5	65.2	21.4	0.9
	2003/04	57.8	13.6	63.9	22.1	0.4
4. Central	2001/02	56.5	12.2	67.0	20.7	0.1
	2002/03	56.3	14.9	64.8	19.4	0.9
	2003/04	53.2	12.1	62.8	24.2	0.9
5. Eastern	2001/02	57.8	11.8	69.0	18.5	0.7
	2002/03	57.5	16.7	61.3	21.2	0.8
	2003/04	56.8	15.3	62.0	22.3	0.4

The percentage of screen 18 continued to be above 10% over the years, which is attributed to the maturity of clonal coffee and improved crop husbandry. The yield from the central zone has continued to be affected by the CWD particularly in the formerly prime coffee growing counties of Bugerere, Kyagwe, Buikwe, Gomba and Katikamu. Diversification to Vanilla farming particularly in Mukono and Kayunga districts has helped farmers cope with the impact of the disease.

Table 3.2 gives the average outturn for Washed Arabica of around 80% in 2003/04, which is similar to the previous years.

Table 3.2 Comparative Out-turn of Washed Arabica: 2001/02 – 2003/04

DISTRICT	2001/02	2002/03	2003/04
1. Mbale	81.0	80.5	79.9
2. Kapchorwa	81.0	81.0	80.2
3. Nebbi	80.0	79.9	80.3

² **The districts in the Robusta Coffee Zones are:**

- South Western - Ntungamo, Mbarara, Bushenyi, Rukungiri & Kasese
- Western - Kabarole, Kibaale, Hoima, Kiboga & Mubende
- Masaka - Masaka, Rakai, Sembabule & Kalangala
- Central - Mpigi, Luweero, Nakasongola, Wakiso & Mukono
- Eastern - Jinja, Iganga, Kamuli, Mayuge & Bugiri.

81.8	81.7	81.0
------	------	------

3.4. LIQUOR OF EXPORT COFFEE

Table 3.3 shows the liquor report for the various coffee grades exported in 2003/04 compared to the previous year. Generally, the cup taste was clean and better than last year, which is attributed to improved handling practices at all stages in the value chain.

TABLE 3.3. Percentage of Clean Cups: 2002/03 - 2003/04 Seasons.

TYPE	GRADE	2002/2003	2003/2004
1. Bugisu Arabica	AA	96.5	99.3
	A	95.8	98.9
	AB	94.5	95.8
	PB	98.4	91.2
	B	96.9	97.1
2. Other Arabicas	Wugar	95.8	95.2
	Drugar	89.5	91.0
3. Natural Robusta	Sc 18	88.3	90.8
	Sc 17	89.0	94.0
	Sc 16	89.6	94.0
	Sc 15	87.7	91.5
	Sc 14	87.3	94.0
	Sc 13	90.5	91.5
4. Washed Robusta	Sc 18	100.0	100.0
	Sc 15	100.0	100.0
5. Organic Coffee	Bugisu Arabica	100.0	95.2
	Okoro Arabica	100.0	90.5
	Robusta	80.0	100.0

Table 3.4 shows a summary of the cup defects on a monthly basis in screen 15, which forms the bulk of robusta grades. The main defects have continued to be: overfermentation –33.3%, taints - 33.3% and earthiness – 29.9%, which are attributed to poor drying, handling and storage practices.

Table 3.4 Summary of Standard Grade Cup in 2003/04

MONTH	O/F	POT	TAINT	EARTHY	OTHER*	TOTAL	
						DEFCTIVE	CLEAN
Oct	30	1	6	18	-	55	128
Nov	20	3	3	8	-	34	281
Dec	19	1	4	5	-	29	405
Jan	1	3	9	4	-	17	291
Feb	16	5	16	17	-	54	548
Mar	8	1	8	11	2	30	439
Apr	2	1	4	7	-	14	308
May	-	1	7	5	-	13	197
Jun	6	6	21	15	-	48	785
Jul	10	2	19	8	-	39	514
Aug	14	3	28	14	-	59	403
Sep	11	1	12	11	-	19	135

137	123	2	411	4,434
33.3	29.9	0.5	-	-

Wetness, Harsh, Fruity, Grassy and Musty.

3.5 COFFEE REFERRED FOR REPROCESSING

During preshipment inspection of coffee export lots, a total of 54,197 bags that did conform to the export standards were referred for reprocessing. The main faults that led to referral were wetness, poor retention, extraneous matter and discoloureds, respectively as indicated in table 3.5 below.

There was an increase of 8,973 bags (19.8%) in the number of bags referred for reprocessing over the previous season. This increase was mainly due to poor screen retention, extraneous matter, discoloureds/blacks and pods. These faults are attributed to poor processing techniques at the export grading plants mainly through acceptance of poor quality FAQ coffee deliveries. The coffee was dried and/or reprocessed to meet acceptable export standards.

Table 3.5 Number of Coffee Bags Referred for Reprocessing

FAULT	2001/02	2002/03	2003/04	
1. Wetness	26,163	23,186	22,828	42.1%
2. Poor Retention	6,600	8,202	12,396	22.9%
3. Discoloured & blacks	9,374	1,605	6,425	11.9%
4. Floats/BHP	3,840	320	1,097	2.0%
5. Pods	680	1,280	3,200	5.9%
6. Extraneous matter	1,440	10,631	8,251	15.2%
TOTAL	48,097	45,224	54,197	100%

3.6 QUALITY IMPROVEMENT THROUGH PREVENTION OF MOULD GROWTH

3.6.1 Research activities

- Coffee drying trials have continued to be undertaken at the Makerere University Agricultural Research Institute, Kabanyolo (MUARIK) in order to establish the water activity windows for OTA producing fungi. The drying protocols include hindered drying, delayed drying and surface comparison drying, which were designed to ensure that the trials' output is uniform among the different participating countries. The findings from all the participating countries are expected in June 2005 and will later be submitted to ICO in September 2005.
- Experimental work is also going on under a 'Coffee Defects' protocol' in support of the ICO resolution No. 407. The tests are aimed at identifying which of the defects – black beans, broken bean, insect damaged, etc are more prone to OTA producing fungi. The results are compared with those of the sound beans from the same sample. These tests will justify the removal of the lower coffee grades from the consumption chain in the bid to improve quality and fetch higher prices.

to establish the likely consequences of the EU in the coffee chain is on-going. The study will, among others, evaluate the feasibility of the new drying technologies recommended by the project with regard to the level of contamination at the farm level. Preliminary findings were forwarded to Rome, Italy for comparison with those from other participating countries.

3.6.2 Laboratory

Equipment for analysis of mycotoxins in coffee worth US \$ 200,000 purchased with funds from the CFC was handed over to UCDA by the Project Executing Agency (PEA), FAO on the June 22, 2004. This equipment was installed and commissioned by the FAO representative in August 2004. The laboratories have enhanced UCDA’s ability to monitor OTA levels in green coffee.

3.6.3 Training

Two Quality controllers and two technicians attended a two-week training in Mycotoxin analysis based on the HPLC and TLC techniques and laboratory management. The training was conducted by resource persons - Dr Eugenia Vagas and Eliene Santos from the Laboratory for Quality control and food Safety in Brazil.

3.7 DEVELOPMENT FOR THE NICHE MARKETS

3.7.1 Speciality Coffee

Coffee sales to the Specialty markets fetched premiums of 42 cts/ Kg (\$ 420 /tonne) over the conventional markets. Table 3.6 shows the trend of sales to the Specialty markets. Sales fell almost by a half (50%) mainly due to a sharp drop in price differentials with reference to the input. Otherwise, price premiums offered to the Specialty coffee farmers had resulted into improved crop husbandry and general quality improvement.

TABLE 3.6 Coffee Sales to Specialty Markets in 60-Kilo Bags

Coffee season	1999/00	2000/01	2001/02	2002/03	2003/04
Sales - bags	4,010	10,136	6,560	15,350	7,692
% Change	-	152.8	(35.3)	134.0	(49.9)

3.7.2 Organic Coffee

The production of organic coffee has continued in the districts of Kapchorwa, Sironko, Mbale, Nebbi for Arabica coffee; and Bushenyi, Luweero, Masaka and Mpigi for the Robustas. Organic Arabica and Robusta fetched premiums of US \$ 110 and US \$ 30 per tonne respectively during the year. Table 3.7 shows the number of bags of organic coffee exports over the years. The reduction in total sales to the Organic market from the previous year corresponds to reduce

e year. These premiums fluctuate with world

Table 3.7 Sales of Organic Coffee in 60-Kilo Bags

GRADE	2000/2001	2001/2002	2002/2003	2003/2004
Organic Arabica	1,065	4,180	4,380	1,100
Organic Robusta	5,020	1,440	2,500	1,828
TOTAL	6,085	5,620	6,880	2,928

3.8 DEVELOPMENT OF WASHED COFFEE

Installation works of the 16 wet processing units obtained under the Strategic Export Programme (SEP) was still going on but 5 had been completed and were in production by the end of the season. These include Ms Kyolaba Farm in Wakiso district, West Nile Women Association (WENWA) in Arua district, Four Ways Group in Masaka district, Savannah Commodities in Mbarara district and Busaanyi Agro Investments in Wakiso district. Table 4.3 shows the status of these central-washing stations.

Through purely private initiatives, 3 addition-washing stations with a combined processing capacity of 7.0 M/tonnes/hour have been installed in the Robusta areas, 2 in Masaka and one at Manyangwa, Wakiso district. This initiative brings the total processing capacity to 38 m/tonnes/hour of red cherries.

Table 3.8 Status of Wet Processing Mills under SEP

BENEFICIARY	DISTRICT	T/HR*	STATUS
Mt View Farm	Bushenyi	3.5	Installation in progress
Mt View Farm	Bushenyi	1.0	Installation in progress
West Nile Women's Assoc.	Arua	3.5	Complete
Four Ways Group	Masaka	3.5	Complete and operating
Victoria Coffees Ltd	Mukono	3.5	Installation in progress
Busaanyi Agro. Investments	Mpigi	3.5	Installation in progress
Savannah Commodities	Mbarara	3.5	Complete and operating
Savannah Commodities	Mbarara	1.0	Complete and operating
Kabasekende Enterprises	Hoima	1.0	Civil works have began
Kabagala Estates	Masaka	1.0	Civil works have began
Bugisu Pulperies	Mbale	1.0	EIA in progress
Kyolaba Farm	Wakiso	1.0	Complete
Zinunula Coffee Ltd	Luweero	1.0	Civil works not done
Bugisu Cooperative Union	Mbale	1.0	EIA done
Sipi Falls Pulperies	Kapchorwa	1.0	EIA in progress
Kikonda Estates	Luweero	1.0	Civil works have began
16 units	Total	31.0	

* Capacity in T/hr of fresh cherry

3.9. TRAINING IN BASIC QUALITY CONTROL TECHNIQUES



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ers were trained in basic quality control techniques
were from the industry and 20 from institutions of
tertiary learning. Table 3.9 shows the number of quality controllers trained
since the programme began.



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	RY	INSTITUTIONS	TOTAL
1993-1996	43	4	47
1996/1997	21	14	35
1997/1998	4	4	8
1998/1999	13	17	30
1999/2000	56	17	73
2000/2001	19	29	48
2002/2003	26	9	35
2003/2004	43	20	63
TOTAL	225	114	339

Chapter Four

COFFEE DEVELOPMENT PROGRAMMES

4.0 INTRODUCTION

During the Coffee Year, the major activities continued to focus on Coffee Re-planting, consolidating coffee introductions in Northern Uganda, farmer sensitisation and training, Coffee wilt disease containment, Arabica coffee support, Monitoring and Evaluation programmes.

Provision of production technical support to coffee farmers and nursery operators therefore continued to be a core activity. It was particularly important in improving the knowledge base and skills of farmers in the new areas of Northern and Eastern Uganda. The Case Studies were undertaken to create in-depth understanding and analysis of issues related to costs of coffee production, processing and marketing for sustainability.

The following factors have continued to affect coffee production:

- Coffee wilt disease (CWD), which continued to devastate robusta coffee shambas. Although the severity of CWD was tapering off, slightly over 50 percent of the total robusta coffee plant population is recorded to have been decimated and is out of production;
- Persistent drought conditions;
- Pests and diseases in the arabica areas; and
- Low international coffee prices were also serious impediments to coffee production.

The resultant effect of these factors led to a decline export performance, which registered 2,523,040 bags, representing a drop of 5.3 percent from the “*already low*” previous year’s (2002/03) performance. However, production from the new coffee planted 3 and more years ago continued to provide a cushioning effect to the declining trend.

The war in the Mid North and inadequate marketing systems in new areas also stifled production and export performance.

4.1 THE COFFEE REPLANTING PROGRAMME

4.1.1 Overview:

During the 2003/04 Coffee Year, UCDA continued to oversee distribution of coffee plantlets under the Government’s Poverty Alleviation Fund (PAF) facility to rural households in line with H.E. The President’s manifesto of 2001. Coffee planting was undertaken in 50 districts, including the new districts in non-traditional coffee districts of Northern, Mid-Northern and Eastern Uganda and strengthening coffee planting in the arabica districts of Kisoro and Kabale

had subsided. The concept also included n areas with wet processing facilities.

4.1.2 Progress of Coffee Planting During 2003/04 Coffee Year

During the 1st Quarter of 2003/04 (October - December 2003) season, a total of 13,855,833 coffee seedlings were planted in 48 districts. Out of all the coffee distributed, 6,197,333 plantlets were forwarded to districts for forward distribution to respective sub-counties through the district and Sub-county allocation committees. The local leadership identified beneficiaries.

The other 7,658,500 plantlets were planted under the Coffee Village Concept, a mechanism that concentrates coffee farming at the lowest local unit, the LCI village level. The local agricultural extension staff identified the villages, which in turn were supplied with coffee plantlets. Planting in the arabica areas of the South Western Uganda (particularly, Kabale and Kisoro) where production had subsided was also strengthened. The letters of allocation were sent directly to the Chairpersons of the identified LCI villages. As a result, a total of 1,532 coffee villages were established during the year, under this arrangement.

In the 2nd Quarter, due to the uncertainty of the first rains of 2004, limited planting was done between March - May 2004 planting season and only 1,173,226 coffee plantlets were distributed and planted. In total, 15,123,589 coffee plantlets were distributed and planted by 76,619 farmers, enabling establishment of 1,731 coffee villages, in addition to expanding on fields established during previous years (Table 4.1 next page).

4.1.3 General Assessment of the Coffee Re-planting Effort

Field assessment indicated that farmers' interest to replace the old coffee trees and those destroyed by the Coffee Wilt Disease increased the intake of coffee seedlings in the districts. Survival rates varied from district to district and area to area and influenced by level of preparedness by farmers, time of planting, weather patterns and field management practices. In the traditional coffee growing districts, survival rate ranged between 70-80% and as low as 5-20% in localized areas are drought prone, have limited extension services, high level of insecurity in the some new areas. Late distribution also attributed to low survival rates.

The coffee village concept has been well received and is to continue being consolidated. Concentrating coffee growing around wet coffee processing mills was encouraged in the traditional coffee areas, where wet coffee processing is being revived. Field responses indicate that the concept has resulted in quicker delivery of planting material to farmers, timely planting, reduced bureaucracy and above all, beneficiary farmers get a sizeable quantity of plantlets. It is desired that future planting under this concept be mandatory that farmers get coffee plantlets equivalent to an acre or more (that is, a minimum of 500

asis. The major constraint, however, remains the
planting programme.

Table 4.1: Coffee Distribution: SEPT 2003/04

District	Coffee Plantlets for		Total Plantlets	Number of		
	Districts	Coffee Villages		Coffee Villages	Farmers	
1	Apac	60,000	125,000	185,000	20	544
2	Arua	180,000	130,000	310,000	6	690
3	Bugiri	75,000	50,000	125,000	13	2,262
4	Bundibugyo	30,000	0	30,000	0	150
5	Bushenyi	200,000	273,500	473,500	55	1,592
6	Busia	60,000	40,000	100,000	10	238
7	Gulu	42,000	80,000	122,000	9	562
8	Hoima	75,000	129,000	204,000	26	660
9	Iganga	60,000	80,000	140,000	16	1,121
10	Jinja	40,000	121,000	161,000	24	839
11	Kabale	200,000	135,000	335,000	27	1,911
12	Kabarole	75,000	65,000	140,000	13	1,035
13	Kalangala	64,000	0	64,000	2	368
14	Kamuli	75,000	75,000	150,000	17	776
15	Kamwenge	106,667	142,000	248,667	40	1,700
16	Kanungu	35,000	35,000	70,000	7	146
17	Kapchorwa	90,000	164,000	254,000	26	629
18	Kasese	60,000	65,000	125,000	21	853
19	Kayunga	375,000	201,500	576,500	40	1,355
20	Kibaale	120,000	160,000	280,000	32	1,074
21	Kiboga	155,000	255,000	410,000	51	1,555
22	Kisoro	188,000	92,000	280,000	53	1,332
23	Kitgum	30,000	0	30,000	0	150
24	Kyenjojo	100,000	60,000	160,000	12	1,070
25	Lira	60,000	80,000	140,000	10	486
28	Luwero	250,000	679,000	929,000	135	6,296
29	Masaka	1,063,256	521,000	1,584,256	104	6,021
30	Masindi	75,000	208,000	283,000	42	1,072
31	Mayuge	75,000	85,000	160,000	17	719
32	Mbale	180,000	236,500	416,500	44	1,786
33	Mbarara	75,000	265,000	340,000	53	1,909
34	Moyo	12,000	0	12,000	0	60
35	Mpigi	200,000	622,700	822,700	125	4,036
36	Mubende	350,000	776,800	1,126,800	145	8,134
37	Mukono	325,000	600,000	925,000	120	4,025
38	Nakasongola	48,000	32,000	80,000	6	131
39	Nebbi	360,000	277,000	637,000	64	1,965
40	Ntungamo	183,333	210,000	393,333	42	3,612
41	Pader	6,000	0	6,000	0	30
42	Pallisa	30,000	20,000	50,000	7	1,147
43	Rakai	200,000	176,000	376,000	73	3,335
44	Rukungiri	133,333	220,000	353,333	47	2,121
45	Sembabule	300,000	185,000	485,000	37	1,982
46	Sironko	210,000	90,000	300,000	47	732
47	Tororo	60,000	40,000	100,000	0	500
48	Wakiso	155,000	406,500	561,500	81	3,415
49	Yumbe	30,000	30,000	60,000	6	294
50	Teso Region	9,000	0	9,000	6	199
	Totals	6,885,589	8,238,500	15,123,589	1,731	76,619

nting on Productivity and Farmer Incomes

and Evaluation exercise was carried out in all coffee growing areas during the year. It was reported that in some areas in the districts of Bushenyi, Mbarara, Ntungamo, Masaka, Rakai, Luweero, Mubende and Mukono, coffee that was planted in 1999/2000 was harvestable, with an average yield of 5-10 kgs of kiboko per tree per season. For coffee planted in 2000/2001, the crop was yielding on average about 2-3 kg per tree per season. Coffee planted 2001/2002 had attained flowering stage and the production was estimated to be potentially good, assuming that favourable weather condition prevailed.

It was further revealed that for the early adopters, those farmers who had in 1999/2000 planted 100-200 coffee trees, their incomes had improved to an average of Shs. 250,000/= to Shs. 500,000/= respectively, per season.

4.2 TRAINING PROGRAMME

A total of 280 one-day seminars with an attendance of 14,437 participants were conducted, particularly for farmers, civic leaders and nursery operators within the coffee growing zones. Most training sessions were conducted within the coffee distribution period.

Table 4.2: Summary of Training Programme for 2003/04

Category	COURSES	No. Of Participants	
		AVERAGE	TOTAL
District Councillors & Local Civic leaders	13	35	455
Nursery Operators	22	26	572
Trainers/Extension Workers	5	42	210
Farmers	240	55	13,200
Total	280	158	14,437

The following were the main elements of emphasis during the training sessions:

- Coffee farming as a business;
- Importance of good field husbandry in productivity and quality improvement of coffee;
- The role of local leadership in coffee driven poverty eradication initiatives;
- Coffee quality improvement and price relationships, especially with respect to Fair Trade and Organic coffee markets.

4.3 COFFEE PRODUCTION STATUS IN MID NORTHERN & EASTERN UGANDA

Coffee production, introduced in the above region as an alternative cash crop continued to be consolidated in the districts of Gulu, Kitgum, Lira and Apac. The coffee earlier planted in Gulu, Kitgum, Apac and Lira District has reached maturity and modest harvesting commenced during the coffee year. Due to

the farmers experienced problems related to
ies are not big enough to attract coffee traders.

The quality analysis from coffee samples taken from various farmer fields revealed a fairly medium to average quality, consistent with robustas from the traditional growing zones. Field observations indicate and confirm that coffee production in Mid Northern Uganda is viable, if confined in the following areas: *Amach-Dokoro* (Lira district), *Rachkoko & Rututur* (Kitgum district) and *Loro* (Apac district).

In Eastern Uganda promotion of coffee growing in Pallisa, Tororo, Busia and Teso region remained on course. Coffee that was planted in late 1990's is being harvested and UCDA was, during the coffee year, trying to develop a marketing system to enable farmers access the market for their crop. The concept of establishing coffee villages was adopted and supported by the local leadership in the area.

The notable constraints were slow uptake of coffee growing by farmers, undeveloped marketing infrastructure and continued war in Northern Uganda

4.4 MEDIA PROGRAMMES

UCDA continued to use media services to deliver technical extension messages to farmers, processors and exporters. The Runyakitara (RRRR) programme continues to be aired on Radio West while the Luganda and Lusoga, and Lumasaba programmes remained on CBS, Radio Empanga and Radio Uganda respectively. Alur / Luo have been re-introduced on Radio Uganda.

Table 4.3: Schedule of Coffee Programmes on Radio Stations

LANGUAGE	RADIO STATION	AIR TIME	DAY
Lumasaba	Radio Uganda	5.30 - 5.45 pm	Saturday
Runyakitara (RRRR)	Radio West	3.30 - 3.45 pm	Saturday
Lusoga	Busoga Peoples' Radio	6.45 - 7.00pm	Monday
Luganda	Central Broadcasting Service (CBS)	8.15 - 8.30 am	Sunday
Alur/Luo	Radio Uganda	7.00 - 7.15 pm	Saturday

Good coffee husbandry practices, pests and disease control, productivity improvement techniques, post-harvest handling/quality improvement and coffee consumption promotion were the main topics covered. Coffee Wilt Disease (*Tracheomyces*) was extensively covered for the robusta coffee growers. Radio and TV recordings were run specifically on Northern Uganda to promote coffee growing in the area.

4.5 CASE STUDIES

4.5.1 Quality Evaluation of Planting Material

I Introduction

After the 2000/01 Coffee Sub-sector strategy demanded for production of 80 million plantlets per annum because of the promised Poverty Alleviation Funds (PAF) from

nts, there was growing demand for plantlets and this
le engaging in coffee nurseries as a business.

As many operators got involved in coffee planting material production, suspicion arose that some operators may not be using the right material/seed to raise the plantlets and hence, the need to re-assure farmers, extension workers and other stakeholders that the planting material being propagated is safe and free of manipulation. A study was therefore undertaken to establish as to what extent has the use of wrong type and/or un recommended seed and seedling sources infiltrated the nursery programme and if so, what remedial actions needed to be taken.

II Terms of reference

- To establish the existence and extent of potting of volunteer coffee plants at coffee nursery level in the traditional Robusta coffee areas;
- To investigate the avenues of acquisition of coffee seed material and planting at farm level;
- To access and compare the extent at which coffee seed and volunteer plants spread the Coffee Wilt Disease;
- To evaluate the current UCDA policy on seed acquisition and distribution;
- Basing on the above, interpret, analyse, make recommendations and propose a way forward to UCDA Management.

III Methodology

The stakeholders involved in propagation of planting materials, coffee research scientists, extension workers and local leaders were sampled and their comments and impressions recorded, and analysed.

IV Findings

1. The Case Study gives a deeper understanding on the extent of use of uncertified plantlets or seed in the coffee re-planting programme on the basis of which the following were the findings:
2. Coffee Research Stations (KARI and CORI) have been following the required procedures in processing and production of seed for nursery operators;
3. Research scientists are aware that all plant parts are capable of carrying the CWD and have put in place a mechanism to pass over the information to farmers and extension workers in a bid to minimize the spread of the disease;
4. Appointed seed producers/suppliers are few in number and have been following necessary precautionary measures in seed processing;
5. The dangers of malpractice, in form of using volunteer plants or diseased suckers and poor seed from unclean shambas do exist in some districts, particularly in areas where access to the right material is difficult;

7 operators and/or farmers to prepare their own planting material has been largely a result of UCDA's halt (since 2001) in the procurement and supply of seed to the respective districts;

7. Through sensitisation programmes on radio and training seminars conducted by UCDA staff and other extension workers in the field, the dangers of using un recommended planting material are being overcome as the trend now is for farmers to use clean planting material;
8. The farmers who tend to use volunteer seedlings do so due to economic hardships because they cannot afford the cost of clean planting material.

V **Conclusions and Way Forward**

1. If the national coffee re-planting programme continues to require the use of seedlings, it is recommended that all elite seed should be centrally procured, stored and distributed by UCDA, with proper records kept. DCCs would then be the only avenues for seed materials at a local level. The distribution channel should be built from UCDA, District, Sub-county and nursery level;
2. The gazetted seed gardens should periodically be inspected for CWD infections, management and seed processing practices;
3. In order to ensure a CWD free seed supply, few gardens from CWD free zones should be gazetted. Proper seed gardens free of the disease should be identified and used to produce the required material on regional basis;
4. Sensitisation and training of lowest level local leaders (LCs) should be intensified in respect to coffee seed distribution, nursery management, coffee plantlets distribution, accountability of the allocated funds in their respective areas and poverty alleviation issues;
5. All nursery operators should be registered by giving them Registration Numbers and Certificates and the list reviewed every Coffee Year basing on targets for the year;
6. The nursery operators producing cuttings should all be possessing mother gardens as mandatory, all planted with the recommended six lines of clonal robusta coffee varieties as recommended by Research.

4.5.2 **Socio-Economic Impact of Coffee Wilt Disease to Coffee Industry**

Preliminary results from the review study undertaken by UCDA, CORI and MAAIF in 2003 continue to reveal that the disease remain a devastating problem among households.

The disease has continued to gain magnitude in infection levels, though at decreasing rates as reported by farmers. In terms of area and trees, about 122,400 hectares, equivalent to about 136 million robusta coffee trees have cumulatively been lost since the CWD emerged in Uganda in 1993 (See Table 4.4 below).

Coffee Wilt Disease in Robusta growing Districts

District	AREA UNDER COFFEE (ha)			
	Initial	CWD infected 2003/04	Net area – 2003/04	% Infection by 2003/04
1. Mukono	52,000	37,440	14,560	71.00
2. Mpigi	33,000	21,945	11,055	68.50
3. Mubende	22,000	14,146	8,294	67.30
4. Luweero	20,000	12,840	7,360	68.20
5. Kiboga	10,000	6,340	3,760	68.40
6. Kibaale	5,000	3,125	3,025	65.50
7. Hoima	4,000	2,092	1,988	48.30
8. Masindi	2,000	950	1,100	45.50
9. Kabarole	1,500	996	519	66.40
10. Bundibugyo	700	630	105	86.00
11. Rukungiri	2,500	1,765	860	68.50
12. Bushenyi	6,000	2,652	3,588	48.20
13. Ntungamo	4,000	1,700	2,380	45.50
14. Mbarara	5,000	2,375	2,750	47.50
15. Masaka	37,500	4,650	33,225	15.00
16. Sembabule	3,500	470.50	3,066	18.00
17. Rakai	8,000	800	7,480	12.00
18. Jinja	5,000	1,192.5	3,857	30.00
19. Kamuli	6,000	2,100	4,731	35.00
20. Iganga	10,000	4,000	7,450	44.00
21. Bugiri	2,000	700	1,800	33.00
Total	240,000	122,400	117,600	51.00

Source: Survey Review 2003/2004

The socio-economic impact of CWD include, among others, the following:

1. The disease incidence remains highest in the central districts of Mukono, Kayunga, Mpigi, Mubende, and Kiboga and part of the Western (Bundibugyo, Kabarole and Rukungiri), where the incidence levels range between 68-86% among the fields surveyed. In some areas, farmers have lost their entire gardens and have no alternative sources of income;
2. In Eastern (Iganga, Kamuli, Jinja, Bugiri) and part of the Western (Bushenyi, Mbarara, Masindi) the disease is at medium density ranging from 30% to 50% among the affected households;
3. In Masaka region (Masaka, Rakai and Sembabule) the disease remained at low density of average 10-20% infection level of their gardens. The low CWD density is attributed to good management practices employed by farmers in the region;
4. As a coping mechanism, majority of farmers in the high incidence areas of Central, have diversified to a variety of alternative farm enterprises such as cassava, pineapple, vanilla and livestock in an effort to balance their incomes;
5. In adverse cases, some farmers have completely abandoned the CWD affected coffee farms and opted to non farm activities like petty trading, brick making and vending;

revenue to the economy, export loss due to CWD is 100 tonnes, equivalent to US dollars 42.84 million

annually;

At household level, economic losses due to CWD are related to increasing poverty, declining social welfare of farmers and general reduction of the revenue base for local administrative units.

4.5.3 Costs, Prices and Incomes at Farm Level

Farm level surveys continued to focus on clonal robusta and arabica, as these are the improved and high yielding varieties of coffee. Apart from Masaka and Rakai where the old coffee shambas were found in relatively good production, in other areas the old traditional robusta has become unproductive due to old age and CWD. Shambas are being abandoned as farmers have recognized that it is not profitable to continue allocating the scarce resources to such unproductive coffee.

The survey on clonal coffee was purposively undertaken from farmers with mature coffee gardens that had attained peak production of around 4,000 kg of kiboko per hectare, at medium input level. The districts of Kabarole, Kiboga, Masaka, Rakai and Iganga were covered. For arabica coffee, data was collected from Mbale and Kapchorwa districts, the main arabica coffee producing areas.

The major components of costs of production at farm level include:

- Maintenance activities - weeding, pruning, desuckering, manure application;
 - Post Harvest activities - harvesting, drying, storage and transportation;
 - Depreciation- farm tools depreciation (hoes, secateurs, pulpers).
1. For clonal robusta, the total cost of production per hectare was established at Shs. 1,065,000/= million and shs 812,000/= for arabica compared to shs 968,000/= shs. 703,000/= respectively indicated during last coffee year. The relative variation in costs is due partly to increase in nominal wage rate from shs. 1,500/= per man-day in the previous year to shs 1,800/=.
 2. Based on a yield average of about 3,800 kilograms kiboko per hectare (ha) for clonal coffee from the sampled farmers, and 950 kilograms parchment as weighted average for both young and old arabica trees, the cost of production per kilo of kiboko came to shs 280/= and shs 854/= respectively per kilo of kiboko and parchment respectively; as compared to shs. 242/= and shs. 703/= established during the previous coffee year. Despite high costs of production for arabica, farmers have continued to enjoy higher prices as a result of its premium value. While international prices for arabica coffee remained stable above average, prices for robusta maintained a low and static level and hence poor incentives to farmers.

Production Costs and Margins at Farm Level

Details	Physical	Financial
A: Clonal Coffee		
1. Maintenance cost (Weeding, pruning, desukering, manure application (harvesting))	375 man-days	675,000
2. Inputs cost (pesticides, herbicides, fertilizer, mulch)	-	240,000
3. Equipment costs: (Depreciation)	-	150,000
Total	-	1,065,000
- Yield/ha/year	-	3,800
- Cost per kg	-	280
- Farm gate price Shs. /kg.	-	220
- Farmer margin	-	500
- Gross income/ha/year		1,900,000
- Net income /ha/year		836,000
B: Arabica Coffee		
1. Maintenance cost:	240 man-days	432,000
2. Inputs costs	-	180,000
3. Equipment- depreciation cost	-	200,000
Total		812,000
-Yield/ha./year- kg- parchment	-	950
- Cost/ kg – Shs.	-	854
- Farm gate price- Shs /kg	-	1320
- Farmer margin	-	466
-Gross income/ha./year- Shs.	-	1,425,000
-Net income /ha./year- Shs.	-	613,000

Source: Field Data Review 2003/2004

Notes: 1. Clonal coffee considered is at peak harvest in the 3rd or 4th year and above.

2. A man- day is a day worked in the shamba and is averaged at 6 hour @ shs. 1,800/=.

- Based on the above costs, the margins per kilogram came to shs. 220/= (44%) for clonal coffee and shs. 466 (35.3) for Arabica coffee compared to Shs. 288/= and shs. 497/= respectively.
- Comparative analysis of Gross income and Net incomes from clonal and arabica indicate that producing coffee is competitive and profitable.

4.5.4 Costs, Prices and Margins for Robusta Coffee Processing

This is one of the routine activities aiming at data update for enabling policy makers and coffee industry participants understand the trend in profitability and viability at coffee primary hulling and processing level. For this 2003/04 coffee year, data was collected Mpigi, Masaka and Iganga. Data from sixty processing factories was collected. Results are summarized in table 4.6.

Based on FAQ price of shs.1,090/= per kg over the 2003/04 coffee year, the margin to a processor was shs. 36/= per kg compared to shs. 34/= maintained the previous years. Looking at FAQ price variation, there was a marginal increase in FAQ prices from shs. 1080/= to 1090/= per kilogram. The cost structure indicates that there has not been a wide variation in costs due to efficiency and stability in the business.

ons, most activities have been aggregated and naining workers, thereby reducing costs and maximizing output and profits. In a dwindling crop environment however, the future of the “small and inefficient” processor remain uncertain.

Table 4.6 Coffee Processing Costs and Margins/ Kg Clean Equivalent

COST PARAMETERS	2001/2002	2002/2003	2003/2004
A: Collection Costs			
(i) Farmer-factory	15.00	20.00	16.00
(ii) Commission	10.00	10.00	15.00
(iii) Loading and offloading	2.00	2.00	2.00
(iv) Cost of Gunny Bags	5.00	5.00	6.00
Sub-total (cherry)	32.00	37.00	39.00
Clean Coffee Equivalent (55% Out-turn)	60.00	67.00	70.90
B: Factory Costs (hulling)			
(i) Salaries + Wages	4.00	5.00	6.00
(ii) Deprecation costs	12.50	18.00	20.00
(iii) Sorting cost at Shs 1200/ bag	17.00	20.00	17.00
(v) Processing losses (1% of FAQ Price)	10.00	10.00	10.00
(vi) Administrative costs	1.50	4.00	5.00
Sub-total	45.00	57.00	48.00
Total	105.00	124.00	115.00
Cost of the Money (10)%	10.50	12.40	11.50
Total	120.50	136.40	126.50
Farmer price	280.00	500.00	510
Clean equivalent at (55)%	518.00	910.00	927
Total Processing cost	120.50	136.40	127.00
Total processor cost	630.50	1,046	1,054
FAQ Price	660.00	1,080	1,090
Processor Margin	30.00	34.00	36.00

Source: Coffee Industry Data Review 2003/2004

4.5.5 Robusta Export Marketing Costs, Prices and Margins

Table 9 gives a summary of the exporter cost structure. Based on an average FAQ price of shs. 1,090/= per kg and an export processing and marketing cost of shs. 203/= the overall average exporter cost was about shs. 1,284.83/= per kg for the 2003/04 coffee year, compared to shs. 1,279/= registered the previous year.

At the average minimum export price (FOT/R) for robusta of 0.71 US\$ cents per kg of coffee and an average inter-bank exchange rate of shs. 1,820/=, total revenue per kg of exported coffee (FOT/R) was shs. 1,284/=, giving a net margin of shs. 44/=, compared to shs. 81.6/= the previous year. Compared to previous year, the profitability at export level was slightly lower largely due to over appreciation of the Uganda shillings that reduced accruals from the foreign currency (dollars) earnings. Efficiency however remained to be registered, but was dominated by foreign based exporters who have a competitive advantage in the business due to access to cheap offshore funds. Majority of the domestic

pete favourably due to this distortion and many are under receivership.

Table 4.8: Robusta Coffee Export Marketing Costs, Prices and Margins

COST PARAMETERS	2001/02	2002/03	2003/04
A: Collection Costs			
i) Storage Costs	5.00	10.00	8.00
ii) Commission	10.00	10.00	15.00
ii) Loading-offloading Cost	3.00	2.00	5.00
iv) Cost of Gunny Bags x 2	20.00	20.00	15.00
v) Transport Costs	15.00	20.00	20.00
Sub-total I:	53.00	62.00	63.00
B: Export Grade Cost			
i) Salaries + Wages	5.00	6.00	5.00
ii) Maintenance/ Depreciation cost	8.00	10.00	12.00
iii) Electricity and Water	52.00	40.00	35.00
iv) Communication	1.00	2.00	3.00
v) Fumigation Cost	10.00	10.00	10.00
vi) Bagging/Marking cost	15.00	15.00	12.00
vii) Office/Rental Cost	2.50	2.50	4.00
viii) Warehouse Cost	2.50	2.50	5.00
ix) Insurance Cost	5.00	5.00	5.00
x) Transport Cost to rail	10.00	12.00	10.00
xi) Processing losses (1%)	8.32	13.20	13.13
Sub-total: II	120.00	118.70	114.13
Sub-total III (I+II)	173.00	180.70	177.13
Add Cost of the Money at (10%)	17.30	18.70	17.70
Total	190.00	199.40	194.83
C: Prices and Margins			
i) FAQ Price	660.00	1080.00	1090
ii) Export Processing Cost	190.00	199.40	194.83
iv) Total Exporter Cost	850.00	1,279.40	1284.83
v) Export Price US Cents/Kg	0.48	0.68*	0.71
vii) Exchange rate	1850	2000	1871
viii) Export Receipts	880.00	1360	1328.41
ix) Exporter Gross Margin	30.00	81.60	44.00
ix) Less 1% Cess	10.00	13.60	13.00
x) Exporter Net Margin	20.00	68.00	31.00

Source: Industry Data Review: 2003/2004

4.5.6 Arabica Coffee Export Marketing Costs, Prices and Margins

Using Bugisu Cooperative union and Mbale Importers and Exporters Ltd, the cost of export processing and marketing of arabica coffee was established to be shs 248.72/= per kilogram. This cost includes collection and storage as the whole process is aggregated, starting from purchase of parchment. Based on the average cost per kilogram of about shs. 1,320/= arabica coffee clean or shs 1,650/= per kg parchment and 80% out-turn (Clean equivalent), the total exporter cost for 2003/04 came to Shs. 1,899/= per kg.

At an average export price (FOT/FOR) for high- grade arabica at US\$ 1.10 /kg; which constitutes over 80% of the Ugandan arabica coffee and an average inter-bank exchange rate of shs. 1,820/= per 1 US Dollar, the total export receipts per kilogram was established at Shs 2,003/=. Therefore, the net

Arabica coffee was shs. 103/= as compared to shs. 103/= coffee year. The relative decrease in margins was due to the appreciation of Uganda shilling. Arabica coffee export business remained tight. Efficiency and vertical integration ensured profit.

Table 4.9: Arabica Coffee Export Marketing Costs and Margins

COST PARAMETERS	2001/02	2002/03	2003/04
A: Collection Costs			
i) Storage Costs	20.00	20.00	15.00
ii) Commission	15.00	10.00	15.00
ii) Loading-Offloading Cost	2.00	2.00	2.00
iv) Cost of Gunny Bags x 2	16.70	16.70	15.00
v) Transport Costs	20.00	22.00	15.00
Sub-total I:	73.125	70.70	62.00
At 80% Out-turn	92.125	88.40	77.50
B: Export Grade Cost			
i) Deprecation Cost	10.00	15.00	15.00
ii) Electricity Water Cost	30.00	40.00	35.00
iii) Communication	1.00	2.00	3.00
iv) Fumigation Cost	5.00	10.00	15.00
v) Bagging/Marking Cost	15.00	16.00	15.00
vi) Processing Losses	14.00	16.68	18.89
vii) Salaries and Wages	10.00	15.00	8.00
viii) Office/Rental Cost	1.00	1.00	2.00
ix) Ware-Housing Cost	15.00	5.00	10.00
xi) Insurance Cost	5.00	5.00	5.00
xii) Transport Cost (to rail)	5.00	5.00	10.00
xiii) Factory Operational Costs	15.00	10.00	12.00
Sub-total: II	126.00	140.68	148.89
Sub-total III (I+II)	218.00	229.08	226.12
Add Cost of the Money at (10%)	22.00	22.91	22.60
Total	234.00	251.99	248.72
C: Prices and Margins			
i) Parchment Price	990	1,300	1320
ii) Clean Equivalent at 80% Out-turn	1,238	1,625	1650
iii) Export Processing Cost	234	252	249
iv) Total Exporter Cost	1,471	1,877	1899
v) Export Price US Cents/Kg	0.84	1.00*	1.10
vii) Exchange rate	1,850	2,000	1820
viii) Export Receipts	1,554	2,000	2003
ix) Exporter Gross Margin	83.00	123	103
ix) Less 1% Cess	16	20	20
x) Exporter Net Margin	67	103	83

Source: Industry Data Review: 2003/2004.

Chapter Five

COFFEE RESEARCH

5.1 INTRODUCTION

The research activities reported in this chapter were carried out at the Coffee Research Institute (CORI) of the National Agricultural Research Organisation (NARO). Coffee research has continued to focus on the management of the coffee wilt disease (CWD) epidemic under the project “Management of Coffee Wilt Disease Epidemic in Uganda”.

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 sensitisation of stakeholders on the importance of CWD and the options available for its management;
- Carry out studies on the ethiology, 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 disease research are:

- (e) Multiplication, transfer and distribution of appropriate technologies for combating CWD;
- (f) Studies of the ethiology, pathogenesis and epidemiology of CWD;
- (g) Screening coffee germplasm for resistance to CWD; and
- (h) Adaptation trial for new clonal varieties of Robusta coffee.

5.4 ACHIEVEMENTS

5.4.1 AERIAL AND BASELINE SURVEYS OF COFFEE WILT DISEASE IN UGANDA

eline information on environmental, physical and affect coffee wilt disease incidence and spread (Biological survey), and to identify socio-economic factors influencing the occurrence, impact and management of the disease (Socio-economic survey) were completed and the results published. Monitoring surveys for coffee wilt disease spread and its impact was also conducted during October – November 2002 and March – April 2003 respectively and the data processed. The surveys have shown the disease is present in all traditional robusta coffee growing districts and severity of damage range from 5-100% with a national average of 44.5%. The outbreak of CWD was also found to have greatly reduced the social welfare of the affected households, and the farmers have adopted a number of coping strategies.

5.4.2 DEVELOPMENT OF CWD RESISTANT ROBUSTA COFFEE CLONES

Steady progress has been made in the development of robusta coffee lines resistant to the disease. Sustained screening programme has to-date identified 593 CWD resistant robusta coffee clones. These were identified among seedlings of germplasm collection at CORI, and have been planted in mother gardens. 143 out of the 593 CWD resistant robusta coffee clones have been planted out on-station in a CWD infected garden for field evaluation. 286 CWD resistant robusta coffee clones have also been identified among cuttings and seedlings from “CWD hot-spots” in farmers’ fields, and have been planted out in a mother garden.

Attempts are being made to confer resistance to CWD to the current commercial robusta coffee clones through cross breeding. 120 crosses have been made between the 6 commercial robusta clones and the CWD resistant robusta. Further, 25 crosses have been made among the resistant robusta clones themselves.

5.4.3 ARABICA COFFEE IMPROVEMENT

The Arabica coffee improvement programme has mostly focused on the improvement of cup quality, and development of varieties that are resistant to coffee berry disease and coffee leaf rust. During the reporting period, 59 crosses were made among various arabica coffee varieties in the CORI germplasm, and these have been planted out in coffee nursery unit at Bugusege Coffee Research sub-station.

5.4.4 EVALUATION OF LOWLAND ARABICA (Catimors)

Evaluation of the lowland Arabica coffee materials has continued in several local on-farm in different agro-ecological zones. Trial sites have been established at Kachwekano, Mukono, Mbarara and Bulegeni ARDCs. Farmers and farmer groups in Rukungiri (8), Wakiso (4), Masaka (5), Mbale (2), Kumi (4), Soroti (4), Mpigi (4), Bushenyi (4), Kyenjojo (4), Hoima (2) and 1 each in Tororo, Busia and Luweero are hosting the on-farm evaluations. Information

... for some of the trial sites have been gathered. ... both on-station at the on-farm sites to assemble recommendations for agronomic management of the lowland Arabica coffee. Samples were submitted to 6 local exporters and an international buyer for quality determination, and results show the coffee is of acceptable market value with moderate attributes.

5.4.5 ARABUSTA COFFEE (Interspecific hybrids)

Expansion of the mother garden of the 10 selected arabusta coffee clones planted at Kituza continued during the period. These consist of 8 clones with close attributes to Arabica coffee while 2 clones have characteristics close to Robusta coffee.

410 cuttings from 8 clones have been planted at 3 sites in Mukono (Kituza), Mubende and Luweero districts for field evaluations. More cuttings of the 10 clones are being raised in the nursery at Kituza for establishing more on-farm trials.

5.4.6 UNDERSTANDING THE DISEASE

Considerable progress has also been made in understanding the nature of the coffee wilt disease in order to develop appropriate control measures. It is confirmed that plant parts such as stems, branches/primaries and leaves are vehicles of transmission of the disease. Using biotechnology to study 16 isolates collected from Jinja, Kamuli, Mayuge, Iganga, Mpigi and Bushenyi districts, it has been shown that the isolates are identical implying the pathogen population in Uganda is not complex and therefore breeding for resistance should be simpler and faster.

Alternate hosts of CWD have so far not been found among many species of plants screened at CORI. Survival of the pathogen in plant parts diminished with time and was found greatly reduced after 7 months. Persistence of the pathogen in soil also diminished with time and was found that 1-2 years after uprooting diseased coffee, replanting can be done in the same hole/site. Infection of the host plants through the leaves has not been observed to take place under screen house conditions.

5.4.7 PROMOTION OF COFFEE GROWING IN NON-TRADITION AREAS

The popularisation of coffee growing has taken root in the sub-counties of Bugondo in Soroti district (6 trials) and Kanyum in Kumi district (3 trials).

Surveys conducted in the districts of Lira, Apac, Gulu, Busia, Tororo and Pallisa and the following were identified as requiring urgent attention if coffee production in the areas are to improve:-



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tility by use of one or a combination of the
practices, cover crops, organic manures, inorganic

fertilizers and mulches;

- Training of farmers and extension staff on improved coffee management practices;
- Amelioration of the effects of prolonged droughts by agro-forestry practices and mulching; and
- Improvement in nursery management practices.

ADMINISTRATION AND FINANCE

6.1 JOINT VENTURES

In pursuance of the policy of value addition and promotion, UCDA continued to consolidate its effort through opening up joint ventures with roasters in consuming countries, the latest being in Denmark.

Denmark

- His Excellency, the President of the Republic of Uganda, Yoweri Kaguta Museveni visited the operations of the House of Uganda Coffee in Denmark where he launched the selling of Uganda Coffee, the 'Mt. Elgon Coffee' brand, in the Scandinavian countries. Presently, Mt. Elgon Coffee is available on the shelves of 860 outlets the Scandinavian countries.
- House of Uganda Coffee Ltd. is in partnership with UCDA, where the latter holds 50% shares on behalf of the Ugandan coffee farmers. The remaining 50% is shared between HOUC (30%) and the marketing agency (20%).
- Some of the shares held by House of Uganda Coffee (HOUC) are to be divested to Sebei Co-operative Union, Okoro Union and Budadiri coffee factory Ltd.
- Mr. Paul Mugambwa, Chairman of the UCDA Board of Directors, Mrs. Jane Francis Kuka and Mr. Henry Ngabirano of UCDA, were nominated to the Joint Venture's Board.

China

- H.E. Yoweri K. Museveni visited one of the coffee shops at the Beijing International Convention Centre, on May 28th, 2004 where he was received by members of the Joint Venture Board: Mr. Chen Ji, Mr. Paul Mugambwa, Mr. Ishak Lukenge and Mr. Henry Ngabirano.
- The Chairman of the Board, Mr. Chen Ji briefed the President on the achievements of the Joint Venture Company, which include: -
 - Opening of 4 Coffee shops and a roasting facility in Beijing;
 - Stocking Uganda coffee on the shelves of 3 major supermarkets that have a wide area network in the Beijing city; and
 - Supplying Uganda coffee to 22 other outlets, which include Hotels and Restaurants.

grateful to the Chinese Government for allowing in China. He assured the Joint Venture leadership of Government's full support and also promised to take up the matter of high tariffs with his Chinese counter-part.

- Over 180 tonnes of green coffee beans had been exported to China and Hong Kong by June 2004 in spite of SARS that affected coffee consumption in China in the previous year.

Egypt

- The activities of UGEMCO, the Joint Venture in Egypt, were greatly affected by the sudden death of its Chairman, the late Muhamood Elgindy. He shall always be remembered for his innovative and development ideas.
- Mr. Raouf Abo-Kila was elected the new Chairman at a Board meeting in Cairo held in May 2004 while Engineer Tarek Elgindy replaced his late father on the Board of Directors. The directors from the Ugandan side include Mr. Paul Mugambwa, Chairman UCDA Board, Hajji Eng. Ishak Lukenge of Star Coffee, Dr. Abdullah Shire of Crown coffee and Mr. Henry Ngabirano of UCDA. At the same meeting, Mr. Ayub Maswa was appointed the General Manager of the venture.

Commissioning of the Joint Venture's factory whose premises are located at Khataba in the City of Sadat is being awaited. Through this factory, a '**Mazag**' coffee brand has been developed to the taste of the Arab region.

6.2 VALUE ADDITION

- H.E. President Yoweri Kaguta Museveni visited the United States and Brazil in May/June 2004 on a trade promotion mission for Uganda's products. His main interest was to secure investment finance for a modern coffee roasting and soluble coffee plant in Uganda. UCDA Managing Director was a member of the President's entourage.
- Hon. Edward Rugumayo, Minister of Tourism, Trade and Industry (MTTI), accompanied by Mr. Paul Mugambwa, Chairman of the UCDA Board of Directors and Mr. George Lukwago – Development Manager, launched Rwenzori Finest Coffee in Cape Town South Africa on March 08, 2004. The South African Minister for Trade and Mr. Rugasira, the proprietor of Rwenzori Finest Coffee received the minister. Rwenzori Finest Coffee brand appears in 3 packs: Classic, Gold, and Prestige. This coffee, which is available in chain Stores of the Shoprite Group, is roasted and ground to the taste of the South African market. Later in the year, H.E, the President of Uganda launched Rwenzori Finest Coffee brands in Uganda at Shoprite Supermarket, in Kampala.
- Pursuant to a Government decision, Loita Capital Partners Kenya Ltd. was approached over the possibility of funding a roasting and packaging facility

presentation to UCDA Board of Directors, the willingness to establish a value addition fund for the Coffee sector in the following areas: -

- Help exporters to access working capital and equipment for value addition.
- Develop lending criteria and lending mechanisms
- Secure off shore financing through identification of potential lenders and securing lenders' commitments to the funding.

The East African Development Bank indicated willingness to be a co-operating partner in this undertaking.

- UCDA Management identified Bugisu Cooperative Union, Zigoti Coffee Works Ltd., Bancafé, Shire International, Star Café and House of Uganda coffee, as possible beneficiaries of the funds. The list was forwarded to the Ministry of Finance for assistance to waive off the condition of collateral.
- Mr. Charles Peke Walimbwa, the Uganda High Commissioner to India, introduced a group of Indian businessmen – SEHGAL – who want to invest in the Uganda coffee industry and also to promote Uganda coffee in India and the rest of Asia. A memorandum of understanding was signed between SEHGAL and UCDA. Later in the year, SEHGAL and Victoria Coffees Ltd, a Ugandan company, jointly exhibited Uganda coffee in India.

6.3 BOARD MATTERS

- Members of the Board visited the Districts of Masaka, Bushenyi and Mbarara in July 2004 to assess the impact of coffee wilt disease, drought and the progress of installation of the wet coffee processing plants. On wet processing, they were impressed by the progress made by the following beneficiaries Fourways Group of Companies at Kalungu in Masaka, Ankole Coffee Processors Ltd. at Ibanda in Mbarara, and Mt. View Farm at Kanyamatambala in Bushenyi. Coffee wilt was found to be containable, as farmers had fully adopted measures to control the spread of the disease.

On drought, they recommended farmers' adoption of appropriate technologies such as mulching.

- The 3- year term of the current Board expired on 31st July 2004. It was, however, extended for a period of six months up to December 31, 2004. UCDA congratulates them upon a noble job done during the last three years as Directors.
- Mr. Paul Mugambwa, Chairman of the Board was appointed Honorary Consul of the Republic of Brazil to Uganda, which was a result of his high profile in the coffee industry. He is congratulated upon this rare achievement.

6.3 THE YEAR

meetings, while the Finance and Policy Committee met twice during the year under review.

6.4 STAFF MATTERS

- The Board renewed the contract of Mr. Henry Ngabirano, Managing Director, for another 3 years effective from February 01, 2004.
- Mr. William G. Naggaga, former Board Secretary, was formally bid farewell by the coffee fraternity in Uganda, at a function presided over by Hon. Dr. Israel Kibirige Sebunya, Minister of State for Agriculture. Mr. Naggaga returned to the Foreign Service as Ambassador/Deputy Permanent Representative of Uganda to the United Nations and other International Organisations based in Geneva, Switzerland. He had served as a Board Secretary for 11 years.
- Mr. Fred Luzinda-Mukasa was appointed the Board Secretary and Head of Finance and Administration, a post he took up on February 02, 2004. The functions of the Board Secretary and those of the Manager Finance and Administration had been merged in an earlier review of the Organization's structure. Prior to joining UCDA, Mr. Luzinda Mukasa, a Chartered Accountant, worked as Managing Director, Cooper Uganda Limited, a vet pharmaceutical company.
- Mr. Nathan Uringi, Principal Quality Controller, resigned to take up another appointment with USAID project, Agricultural Productivity Enhancement Programme (APEP) with effect from December 01, 2003.
- The Board renewed the Contracts for 37 members of staff, from the level of Principal Officer and below, for five years, effective from May 06, 2004.
- The Board approved one post of Procurement Officer in compliance with the requirements of the new Procurement and Disposal of Public Assets Act 2003. The Procurement Officer will be responsible for co-ordinating all procurement and related activities.
- In a bid to improve staff welfare, the Board approved a staff revolving fund where members of staff could benefit from a short - term interest free facility for personal development. A modest increment of about 20% of the annual wage bill was also effected.

6.5 INTERNATIONAL MEETINGS

- The Minister of State for Animal Industry, Hon. Mary Mugenyi, led a Ugandan delegation that included Mr. George Lukwago, the Ag. Board Secretary then, to the 43rd Annual General Assembly of the Inter African Coffee Organisation held in Abidjan Cote d'Ivoire in November 2003. A number of issues affecting the African Coffee Industry were raised and

of the Coffee Research Network to strengthen and
in the post quota era was high on the agenda.

- Mr. Fred Luzinda-Mukasa, Board Secretary/Head of Finance & Administration (BS/HFA), accompanied Dr. I. Kibirige-Sebunya, Minister of State for Agriculture, to a high level conference on commodity trade policy in Geneva Switzerland between 24 – 27 June 2004.
- UCDA participated at the East African Fine Coffees Conference, held in Nairobi 19 – 22 February 2004. Mr. Henry Ngabirano presented a paper in which he urged EAFCA members to uphold the quality of coffee through the supply chain and also appealed to them to promote domestic coffee consumption. The conference's main thrust was to lay strategies for promotion of specialty coffees from the East African Region.
- UCDA was represented at the East African Organic Standards Certification Development workshop held in Arusha, Tanzania December 01 – 03, 2003. The main purpose of the meeting was to chart out means of co-operation so that the region (East Africa) comes up with its set standards, as well as a regional certifying body.

6.6 LOCAL VISITS, WORKSHOPS AND TRAINING

- The Parliamentary Sector Committee on Agriculture visited Kaweri coffee plantation in Mubende and Busaanyi Coffee Estate in Mpigi. The purpose of the visit was to see the developments at the two establishments. The level of management on Kaweri Coffee Plantation – a Neumann investment – with a planted area of 1200 hectares of clonal coffee particularly impressed the Parliamentarians. The Kaweri investment is planned to have a total of 2,500 hectares under coffee. It also has an out-grower scheme with over 20,000 farmers.
- At Busaanyi, the Parliamentarians were informed that farmers in the surrounding area are organised under the coffee village concept. These farmers provide a catchment area for the wet mill installed on Busaanyi Investment coffee plantation.
- UCDA participated in the ECA/ADB – PSFU Exhibition at Speke Resort Beach, Munyonyo that run 18 – 27 May 2004 where Uganda coffee was served to delegates. The quality of Uganda coffee was very much appreciated by the delegates. Among the exhibitors were Star Café Ltd and Zigoti Coffee Ltd.
- A two-day workshop for the Directors of UgoCert – a body responsible for certification of organic agricultural products in Uganda – was held at Uganda Martyrs' University, Nkozi. During the workshop the members of the board were trained in organic certification. The President of the International Federation of Organic Agriculture Movements (IFOAM), Dr.

led the workshop with his personal presence. Mr. Albertina Kakuba, both Quality Controllers with UCDA, were among the board members trained in organic certification.

- UCDA in conjunction with GTZ and NUCAFE held a series of workshops in the month of June 2004, to sensitise stakeholders in Kampala, Mbale and Bushenyi Districts on the Common Code for Coffee Community (CCCC). The concept seeks to integrate all the dimensions of sustainability: economic, social and environmental into the production processes for the mainstream coffees.
- The Department for International Development (DFID) and UCDA conducted a series of one-day workshops of organic coffee farmers in the districts of Luweero – June 24, Kapchorwa – July 09, Bushenyi – July 20; and Nebbi – August 17, 2004. The district chairpersons, secretaries for production and marketing, and organic coffee farmers attended the workshops. Mr. Alastair Taylor of EPOPA, Mr. Charles Walaga of UgoCert and UCDA Quality Manager were the main facilitators. Over 800 farmers were trained in organic farming, certification and marketing.

6.7 VISITORS

- Hon. Dr. Kisamba-Mugerwa visited UCDA to bid farewell to members of the Board of Directors, Management and staff upon resignation from the service of Uganda Government. He was due to take up a scientific appointment with the United Nations.

He appreciated the UCDA Board's constant interaction and co- operation with him on matters of concern to the coffee sub-sector and encouraged them to extend the same gesture to his successor.

The Minister was honoured with a plaque for being practical and exemplary in his portfolio, and for his support and guidance to the Board and entire coffee Sub-Sector during his tenure of office.

- A trade delegation from the state of California, USA visited the country between 23rd and 29th February 2004 to foster friendship and trade between themselves and Ugandan businessmen. Zigoti Coffee Works was among Companies that benefited from this arrangement.
- Ms. Maja Wallengren, a Dow Jones correspondent, visited Uganda in March 2004 to gather information on the impact of the prolonged slump in coffee prices on employment in the coffee sub-sector. She also wanted to know the coping strategies adopted by farmers. She visited both the robusta and arabica coffee growing areas. In the Mt. Elgon zone, she was able to see coffee under the appellation projects from which she drew samples for presentation to the Specialty coffee Association in Atlanta, USA.

visited UCDA on May 14, 2004 to have hands on experience with the Ugandan Coffee Sub-Sector ahead of their liberalization process.

- The FAO representative to Uganda Mr. Ajmal Quresh handed over laboratory equipment for analysis of mycotoxins in coffee to UCDA. He said that the equipment was part of capacity building under the project for prevention of Mould growth in coffee.
- Mr. John Lear of Gourmet Coffee Roasters, Cape Town, South Africa, a trade partner and coffee roaster for Renoir Commodities (a Ugandan Company) visited UCDA and coffee farmers in Mbale to familiarize himself with the coffee business and UCDA operations.
- The CIRAD Regional Director held a meeting with UCDA to establish areas of collaboration in coffee mapping using farmer identity as a marketing strategy, especially with regard to traceability and contract farming.
- Subsequently, Mr. Edmund Kananura, a Senior Quality Controller, was sponsored for training in Coffee Organoleptic Standards and biochemical analysis in France and Spain, respectively as part of CIRAD's assistance in capacity building.
- A Danish delegation interested in adding value to Uganda coffee visited UCDA on 4th September 2004. They later paid a courtesy call on H.E. President Museveni to whom they presented a proposal on a wide range of products, which could be produced out of Uganda coffee and marketed in Denmark.

6.8 ASSETS OF THE AUTHORITY

- UCDA liquidity is still cushioned by a good assets capital base of close to Shs.6 billion.
- The Authority still maintains properties in prime locations in Bugolobi, Kololo, Lugogo and Ntinda, as well as the City Centre where Plot. 35 Jinja Road, Coffee House is located. The building operates as the head quarters of the Authority, as well as housing other coffee related bodies such as UCTF, NUCAFE and UCRA.
- Part of the first floor is occupied by UBIN a computer software vending and training company supported by UNIDO, with shareholding of Government bodies such as Uganda Investment Authority and UCDA.
- The other part of the 1st floor has been transformed into a mycology laboratory, to investigate and examine the incidence of mycotoxins in coffee for export. The Project was funded by UCDA while FAO donated



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the laboratory is now functional but is yet to be

- The Authority has embarked on a programme of up grading more assets with a view of raising their market value. The first of such projects is Plot 42 Windsor Crescent Kololo, which has been transformed from a semi - detached maisonette to an executive residential house. Once completed, the house could fetch monthly income of between US\$2,500-3,000.



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STATISTICAL APPENDICES

Appendix I

Comparative Monthly & Quarterly Coffee Procurement (Arabica and Robusta) in 60 Kilo Bags -

MONTH	2003/04			2002/03			2001/02		
	ROBUSTA	ARABICA	TOTAL	ROBUSTA	ARABICA	TOTAL	ROBUSTA	ARABICA	TOTAL
TOTAL	2,223,686	542,103	2,765,789	2,284,649	444,793	2,729,442	2,859,688	415,326	3,275,014
PERCENT	80.4	19.6	100	83.7	16.3	100	87.32	12.68	100
OCT	98,105	40,100	138,205	195,609	42,000	237,609	131,114	26,169	157,283
NOV	85,445	50,235	135,680	232,000	43,014	275,014	112,239	47,333	159,572
DEC	261,084	60,005	321,089	290,158	33,100	323,258	250,703	40,900	291,603
Qtr - 1	444,634	150,340	594,974	717,767	118,114	835,881	494,056	114,402	608,458
JAN	271,925	66,204	338,129	271,899	46,107	318,006	220,501	40,899	261,400
FEB	195,203	62,640	257,843	214,532	36,152	250,684	250,332	60,003	310,335
MAR	174,000	54,725	228,725	129,158	35,024	164,182	150,334	60,051	210,385
Qtr - 2	641,128	183,569	824,697	615,589	117,283	732,872	621,167	160,953	782,120
APR	130,129	52,300	182,429	79,100	51,129	130,229	156,132	35,079	191,211
MAY	140,224	57,356	197,580	110,021	55,162	165,183	251,958	27,002	278,960
JUN	287,134	32,417	319,551	220,415	35,234	255,649	350,994	26,953	377,947
Qtr - 3	557,487	142,073	699,560	409,536	141,525	551,061	759,084	89,034	848,118
JUL	265,501	24,595	290,096	230,133	32,435	262,568	455,115	15,571	470,686
AUG	169,026	19,573	188,599	170,799	20,105	190,904	300,101	10,209	310,310
SEPT	145,910	21,953	167,863	140,825	15,331	156,156	230,165	25,157	255,322
Qtr - 4	580,437	66,121	646,558	541,757	67,871	609,628	985,381	50,937	1,036,318

Comparative Monthly & Quarterly Coffee Export figures by Type: ROBUSTA & ARABICA - 60-Kilo Bags -

MONTH	2003/04			2002/03			2001/02		
	Robusta	Arabica	Total	Robusta	Arabica	Total	Robusta	Arabica	Total
TOTAL	1,979,633	543,409	2,523,042	2,221,440	442,448	2,663,888	2,715,955	430,426	3,146,381
PERCENT	78.46	24.46	570.25	83.39	16.29	618.9	86.32	13.68	100
OCT	97,132	36,642	133,774	183,610	39,276	222,886	126,253	25,151	151,404
NOV	83,445	54,475	137,920	219,276	42,911	262,187	110,778	39,342	150,120
DEC	169,749	58,828	228,577	270,305	32,713	303,018	230,123	44,978	275,101
Qtr - 1	350,326	149,945	500,271	673,191	114,900	788,091	467,154	109,471	576,625
JAN	234,062	61,979	296,041	257,526	45,355	302,881	259,570	54,162	313,732
FEB	179,002	56,191	235,193	186,007	44,713	230,720	225,036	46,449	271,485
MAR	159,839	75,739	235,578	128,546	33,681	162,227	161,598	66,725	228,323
Qtr - 2	572,903	193,909	766,812	572,079	123,749	695,828	646,204	167,336	813,540
APR	122,967	54,602	177,569	77,760	43,511	121,271	126,648	61,306	187,954
MAY	127,546	53,355	180,901	108,783	53,280	162,063	201,828	24,607	226,435
JUN	234,235	28,943	263,178	218,388	35,140	253,528	349,603	20,180	369,783
Qtr - 3	484,748	136,900	621,648	404,931	131,931	536,862	678,079	106,093	784,172
JUL	260,500	23,590	284,090	248,273	36,433	284,706	414,028	14,424	428,452
AUG	169,251	18,114	187,365	181,037	20,155	201,192	284,032	9,070	293,102
SEPT	141,905	20,951	162,856	141,929	15,280	157,209	226,458	24,032	250,490
Qtr - 4	571,656	62,655	634,311	571,239	71,868	643,107	924,518	47,526	972,044

Monthly Export Figures for Robusta & Arabica - 60-Kilo Bags -

MONTH/TYPE	2003/04		2002/03		2001/02		2000/01	
	QTY	VALUE \$	QTY	VALUE \$	QTY	VALUE \$	QTY	VALUE \$
TOTAL	2,523,042	115,704,844	2,663,888	104,787,094	3,146,381	83,936,953	3,074,773	104,776,424
ROBUSTA	1,979,633	82,611,561	2,221,440	81,843,934	2,715,955	64,496,820	2,614,862	79,703,961
OCT	97,132	3,781,188	183,610	5,286,220	126,253	2,872,653	118,535	4,253,684
NOV	83,445	3,272,999	219,276	7,194,141	110,778	2,371,332	196,824	6,435,051
DEC	169,749	6,702,634	270,305	9,480,974	230,123	5,003,869	200,171	6,681,738
JAN	234,062	9,653,421	257,526	9,985,540	259,570	5,477,351	302,212	10,321,027
FEB	179,002	7,650,738	186,007	7,801,111	225,036	4,776,016	227,169	7,397,535
MAR	159,839	6,815,144	128,546	4,988,343	161,598	3,521,013	148,082	4,640,891
APR	122,967	5,181,784	77,760	2,732,028	126,648	2,951,933	120,552	3,715,944
MAY	127,546	5,171,813	108,783	4,150,790	201,828	4,663,459	132,755	4,028,681
JUN	234,235	10,625,954	218,388	8,326,258	349,603	8,718,297	239,138	7,194,048
JUL	260,500	11,342,603	248,273	9,544,125	414,028	10,923,700	309,239	8,893,101
AUG	169,251	6,887,833	181,037	6,890,640	284,032	7,277,631	346,553	9,289,967
SEPT	141,905	5,525,450	141,929	5,463,764	226,458	5,939,566	273,632	6,852,294
ARABICA	543,409	33,093,283	442,448	22,943,160	430,426	19,440,133	459,911	25,072,463
OCT	36,642	1,750,046	39,276	1,808,696	25,151	1,139,162	20,250	1,265,233
NOV	54,475	2,687,399	42,911	2,326,753	39,342	1,754,014	30,695	1,977,358
DEC	58,828	3,352,617	32,713	1,751,327	44,978	2,079,527	32,256	1,771,881
JAN	61,979	3,729,106	45,355	2,667,227	54,162	2,517,966	38,651	2,200,919
FEB	56,191	3,564,817	44,713	2,634,521	46,449	2,117,587	68,548	3,937,787
MAR	75,739	5,096,869	33,681	1,862,368	66,725	3,172,346	63,657	3,446,579
APR	54,602	3,585,183	43,511	2,051,205	61,306	2,883,654	56,812	3,154,520
MAY	53,355	3,445,600	53,280	2,789,485	24,607	982,077	66,672	3,465,225
JUN	28,943	2,022,782	35,140	1,659,927	20,180	959,215	30,355	1,540,756
JUL	23,590	1,462,477	36,433	1,634,167	14,424	635,620	26,883	1,228,214
AUG	18,114	985,202	20,155	1,027,348	9,070	315,146	7,763	342,746
SEP	20,951	1,411,184	15,280	730,136	24,032	883,819	17,369	741,245

Cumulative Coffee Exports and Value: 2003/04 - 2001/02

COFFEE YEAR 2003/04				
MONTH	QUANTITY		VALUE \$	
	- 60 Kilo Bags -	CUMULATIVE	- US Dollar\$	CUMULATIVE
OCT.	133,774	133,774	5,531,234	5,531,234
NOV.	137,920	271,694	5,960,398	11,491,632
DEC.	228,577	500,271	10,055,251	21,546,883
JAN.	296,041	796,312	13,382,527	34,929,410
FEB.	235,193	1,031,505	11,215,555	46,144,965
MAR.	235,578	1,267,083	11,912,013	58,056,978
APR.	177,569	1,444,652	8,766,967	66,823,945
MAY	180,901	1,625,553	8,617,413	75,441,358
JUN.	263,178	1,888,731	12,648,736	88,090,094
JUL.	284,090	2,172,821	12,805,080	100,895,174
AUG.	187,365	2,360,186	7,873,035	108,768,209
SEPT.	162,856	2,523,042	6,936,634	115,704,844
COFFEE YEAR 2002/03				
MONTH	QUANTITY		VALUE \$	
	- 60 Kilo Bags -	CUMULATIVE	- US Dollar\$	CUMULATIVE
OCT.	222,886	222,886	7,094,916	7,094,916
NOV.	262,187	485,073	9,520,894	16,615,810
DEC.	303,018	788,091	11,232,300	27,848,110
JAN.	302,881	1,090,972	12,652,766	40,500,876
FEB.	230,720	1,321,692	10,435,633	50,936,509
MAR.	162,227	1,483,919	6,850,712	57,787,221
APR.	121,271	1,605,190	4,783,233	62,570,454
MAY	162,063	1,767,253	6,940,275	69,510,729
JUN.	253,528	2,020,781	9,986,185	79,496,914
JUL.	284,706	2,305,487	11,178,292	90,675,206
AUG.	201,192	2,506,679	7,917,988	98,593,194
SEPT.	157,209	2,663,888	6,193,900	104,787,095
COFFEE YEAR 2001/02				
MONTH	QUANTITY		VALUE \$	
	- 60 Kilo Bags -	CUMULATIVE	- US Dollar\$	CUMULATIVE
OCT.	151,404	151,404	4,011,814	4,011,814
NOV.	150,120	301,524	4,125,346	8,137,160
DEC.	275,101	576,625	7,083,396	15,220,556
JAN.	313,732	890,357	7,995,316	23,215,872
FEB.	271,485	1,161,842	6,893,603	30,109,475
MAR.	228,323	1,390,165	6,693,359	36,802,834
APR.	187,954	1,578,119	5,835,588	42,638,422
MAY	226,435	1,804,554	5,645,537	48,283,959
JUN.	369,783	2,174,337	9,677,512	57,961,471
JUL.	428,452	2,602,789	11,559,320	69,520,791
AUG.	293,102	2,895,891	7,592,777	77,113,568
SEPT.	250,490	3,146,381	6,823,385	83,936,954

Coffee Export Series by Type and Grade in 60-kilo Bags

Type/Grade	2003/04	2002/03	2001/02	2000/01	1999/00	5 Year Average	% - Share
Grand Total	2,523,042	2,663,888	3,146,381	3,074,773	2,917,257	2,922,180	
Robusta	2,039,432	2,221,440	2,715,955	2,617,777	2,390,682	2,433,735	100.00
Organic	1,828	2,500	1,440	5,020		2,697	0.11
Washed	210	746	880	2,095		983	0.04
Sc. 1900	640					640	0.03
Sc. 1800	202,779	196,102	240,546	236,797	211,692	217,583	8.94
Sc. 1700	89,029	93,001	134,334	70,510		96,719	3.97
Sc. 1600	600					600	0.02
Sc. 1500	1,184,009	1,242,441	1,637,448	1,560,548	1,509,029	1,426,695	58.62
Sc. 1400	16,284	75,945	119,886	2,672		53,697	2.21
Sc. 1300	3,032	10,891	22,576			12,166	0.50
Sc. 1200	308,145	432,095	428,879	591,936	563,309	464,873	19.10
BHP 1199	84,163	89,303	72,214	52,277	54,838	70,559	2.90
Others *	148,713	78,416	57,752	95,922	51,814	86,523	3.56
Arabica	483,610	442,448	430,426	456,996	526,575	488,445	100.00
Organic	1,110	4,380	4,180	1,065		2,684	0.55
Bugisu AA	97,827	29,295	112,119	57,621	88,388	77,050	15.77
Bugisu A	50,347	67,031	43,573	27,769	55,389	48,822	10.00
Bugisu B	6,884	7,831	15,572	17,725	18,975	13,397	2.74
Bugisu PB	13,230	9,263	10,520	7,514	10,282	10,162	2.08
Arabica AB	42,604	26,770	16,390	14,915		25,170	5.15
Arabica UG	6886	3,797	6,895			5,859	1.20
Wugar		47,090	61,020	70,758	71,525	62,598	12.82
Drugar	243,527	225,921	134,542	241,746	209,372	211,022	43.20
Others **	21,195	21,070	25,615	17,883	72,644	31,681	6.49

Monthly Coffee Exports by Individual Firms in (Oct/Sept) 2003/04 – in 60-Kilo Bags

EXPORTERS	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Total	%-
GRAND TOTAL	133,774	137,920	228,577	296,041	235,193	235,578	177,569	180,901	263,178	284,090	187,365	162,856	2,523,042	100.0
Pan Afric Impex Ltd.	11,325	20,602	34,108	46,876	34,482	35,478	36,283	24,945	35,532	47,143	34,678	7704	369,156	14.63
Kawacom (U) Ltd.	28,813	17,329	32,495	36,504	32,058	42,047	33,648	26,002	41,709	32,856	17,774	16,044	357,279	14.16
Ugacof Ltd.	5,611	2,985	19,260	43,034	22,522	24,790	18,896	14,496	30,354	33,082	33,952	14,653	263,635	10.45
Olam (U) Ltd.	18,136	10,283	14,922	17,610	20,158	17,010	21,624	32,648	26,566	29,834	9,816	21,804	240,411	9.53
Kyagalanyi Coffee Ltd.	4,460	3,700	14,606	9,482	25,380	36,894	26,250	12,408	20,559	36,134	29,506	18,224	237,603	9.42
Great Lakes	12,631	21,120	22,593	28,029	17,250	15,507	12,154	13,804	28,430	23,025	7,411	10,756	212,710	8.43
Job Coffee	10,654	12,678	28,224	22,581	20,227	19,320	6,250	8,700	17,769	18,485	9,470	10,869	185,227	7.34
Ibero (U) Ltd.	6,400	5,420	12,068	22,210	6,522	9,078	5,826	8,040	18,326	11,746	5,300	9,650	120,586	4.78
Kampala Domestic Store	3,100	8,380	8,560	11,366	10,030	5,276	1,334	10,438	9,957	14,429	15,302	21,176	119,348	4.73
Nakana Coffee Factory	3,670	4,638	8,866	14,375	9,870	1,654	-	4,414	4,894	6,698	4,679	5,924	69,682	2.76
Wabulungu M-Purpose	5,100	4,475	7,312	9,018	9,040	5,250	2,450	9,100	8,720	3,150	700	-	64,315	2.55
Union Export Services	3,330	3,220	3,290	5,110	2,998	2,924	1,370	1,360	1,890	5,180	6,910	5,190	42,772	1.70
Mbale Importers & Exp.	6,320	4,880	6,330	7,364	2,680	5,600	3,480	1,440	680	320	-	2,560	41,654	1.65
Bugisu Co-op. Union	2,100	6,200	6,988	4,460	4,960	7,820	1,840	2,680	960	1,270	640	1,280	41,198	1.63
Busingye & Co.	2,240	2,330	2,700	3,970	5,082	1,920	1,690	5,356	3,378	4,240	2,010	2,650	37,566	1.49
Simba Cafe	2,038	1,050	2,030	4,092	4,120	1,750	660	1280	3900	5,038	5,112	6,360	37,430	1.48
Savannah	-	-	-	-	-	-	-	1,920	7,694	5,910	1,310	3630	20,464	0.81
H. M. Nsamba & Sons.	4,316	7,670	-	6,400	-	-	-	-	-	-	-	-	18,386	0.73
MTL Main Traders	2,620		660	310	650	300	900	300	900	3500	1400	2,180	13,720	0.54
Bakwanye Trading Co.	-	960	2,229	988	1,920	960	974	960	640	320	-	1920	11,871	0.47
Joval Intercommercial	-	-	-	-	3,684	1,400	1340	-	-	-	-	-	6,424	0.25
Natural Coffee	-	-	1,336	1,962	960	-	-		320	700	-	-	5,278	0.21
Gumutindo	-	-	-	300	600	600	600	300	-	-	-	-	2,400	0.10
Sitanida Agencies Ltd	-	-	-	-	-	-	-	-	-	700	1395	282	2,377	0.09
Clanita Coffee (U) Ltd.	640	-	-	-	-	-	-	-	-	-	-	-	640	0.03
Ziwango Coffee Ltd	-	-	-	-	-	-	-	310	-	330	-	-	640	0.03
Zigoti Coffee Works	270	-	-	-	-	-	-	-	-	-	-	-	270	0.01

Coffee Exports by Destination - 2003/04 Coffee Year – 60-kilo bags & US \$

Destination	Qty	% - Market Share	
		Individual	Cumulative
GRAND TOTAL	2,523,042	100.00	-
EU ³	2,019,583	80.05	80.05
SUDAN	377,144	14.95	94.99
SWITZERLAND	67,627	2.68	97.67
USA	17,054	0.68	98.35
JAPAN	7,820	0.31	98.66
MOROCCO	6,364	0.25	98.91
TUNISIA	5,218	0.21	99.12
ROMANIA	4,914	0.19	99.31
ISRAEL	3,611	0.14	99.46
EGYPT	2,184	0.09	99.54
ERITREA	2,100	0.08	99.63
SINGAPORE	1,960	0.08	99.70
AUSTRALIA	1,620	0.06	99.77
ALGERIA	1,336	0.05	99.82
HONG KONG	1,313	0.05	99.87
AUSRALIA	1,240	0.05	99.92
CHINA	664	0.03	99.95
UAE	350	0.01	99.96
CANADA	320	0.01	99.98
SOUTH AFRICA	320	0.01	99.99
RUSSIA	300	0.01	100.00

³EU countries are: Austria, Belgium, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, The Netherlands, and UK.



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REALISED AVERAGE COFFEE PRICES PER GRADE PER MONTH 2003/04 – US \$ /KILO

	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Avg
AVERAGE	0.69	0.72	0.73	0.75	0.79	0.84	0.82	0.79	0.80	0.75	0.70	0.71	0.76
ROBUSTA	0.63	0.62	0.56	0.62	0.70	0.64	0.66	0.60	0.69	0.66	0.65	0.62	0.66
Organic - Robusta		0.73					0.74		0.72			0.90	0.73
Washed - Robusta	1.02	0.75			1.00								0.81
Screen 18	0.72	0.72	0.74	0.79	0.79	0.80	0.81	0.78	0.85	0.83	0.76	0.78	0.79
Screen 17	0.79	0.77	0.72	0.76	0.80	0.82	0.78	0.74	0.80	0.79	0.80	0.66	0.77
Screen 15	0.69	0.68	0.68	0.73	0.74	0.75	0.72	0.69	0.78	0.75	0.69	0.68	0.72
Screen 14	0.59	0.64	0.61	0.71	0.75	0.70	0.70	0.72	0.75	0.70	0.65	0.60	0.69
Screen 13	0.60			0.65		0.72	0.72		0.74	0.73	0.74	0.60	0.70
Screen 12	0.60	0.62	0.63	0.64	0.66	0.65	0.62	0.66	0.70	0.64	0.60	0.59	0.64
BHP 1199	0.22	0.23	0.21	0.34	0.43	0.28	0.42	0.27	0.39	0.38	0.39	0.38	0.36
Others	0.42	0.45	0.35	0.36	0.39	0.43	0.42	0.35	0.52	0.43	0.54	0.43	0.40
ARABICA	0.97	0.94	0.99	1.00	1.08	1.08	1.14	1.17	1.11	1.13	1.02	1.16	1.03
Organic	1.36	1.25	1.20	1.27	1.34	1.37	1.36	1.30				1.36	1.31
Bugisu AA	1.06	1.12	1.15	1.16	1.28	1.26	1.27	1.32	1.27	1.35	1.31	1.29	1.21
Bugisu A	1.03	1.10	1.15	1.13	1.26	1.21	1.21	1.35	1.51	1.34		1.17	1.23
Bugisu PB	1.03	1.05	1.05	1.20	1.13	1.22	1.07	1.10	1.41				1.13
Bugisu B	0.95		1.06	0.95	1.10	1.08	1.03	1.16					1.07
Bugisu C				0.66		0.66							0.66
Bugisu E		1.04											1.04
Arab – AB	1.06	1.11	1.17	1.19	1.24	1.35	1.41	1.28		1.37	1.25	1.52	1.29
Arab - CPB		0.71	0.99	1.10		1.28			0.91		0.91		0.96
Drugar	0.72	0.69	0.71	0.82	0.88	0.99	0.96	1.00	1.00	0.94	0.92	0.98	0.88
Wugar	1.12	1.11	1.07	1.13	1.11	1.19	1.11	1.34	1.39		1.12	1.36	1.18
Others	0.37	0.22	0.35	0.39	0.35	0.30	0.83	0.66	0.27	0.64	0.59	0.43	0.38

Production Cost Structure for Coffee Production at Farm Level: 1995/96 – 2003/04 –in Shs.

OLD ROBUSTA COFFEE	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2004/05
Cost Parameters									
Labour (per ha)	185,000	150,000	216,000	225,000	350,000	150,000	180,000	270,000	270,000
Amortized cost of Establishment	0	0	0	0	0	0	0	0	0
Depreciation (equipment)	60,000	75,000	75,000	75,000	50,000	50,000	60,000	75,000	75,000
Non-labour input cost [fertilizers, pesticides, etc.]	85,000	70,000	70,000	0	50,000	30,000	40,000	100,000	100,000
Total Cost (per ha)	340,000	295,000	361,000	300,000	450,000	230,000	280,000	445,000	445,000
Yield in Kilos of Kiboko or Parchment/ha	1,200	1,200	1,100	1,100	1,200	1,000	1,200	1,000	1,000
Unit Cost (Shs/Kilo)	283	245	330	272	375	230	233	445	445
Farm-gate Price (Shs/Kilo of Kiboko/Parchment)	500	600	650	600	425	270	280	530	500
Profits in Shs. Kilo	217	355	320	328	50	40	47	85	55
CLONAL ROBUSTA COFFEE									
Labour (per ha)	270,000	290,000	360,000	490,000	630,000	360,000	480,000	648,000	675,000
Amortized cost of Establishment	194,000	50,000	50,000	50,000	50,000	50,000	50,000	0	0
Depreciation (equipment)	100,000	100,000	100,000	100,000	125,000	100,000	100,000	120,000	150,000
Non-labour input cost [fertilizers, pesticides, etc.]	290,000	190,000	190,000	135,000	100,000	100,000	120,000	200,000	240,000
Total Cost Per ha	840,000	630,000	650,000	775,000	905,000	610,000	750,000	968,000	1,065,000
Yield in Kilos of Kiboko or Parchment/ha	3,000	3,000	3,300	3,300	3,600	4,000	4,400	4,000	3,800
Unit Cost (Shs/Kilo)	285	210	200	234	251	153	170	242	280
Farm-gate Price (Shs/Kilo of Kiboko/Parchment)	500	600	650	600	425	270	280	530	500
Profits in Shs. Kilo	215	390	450	366	174	117	110	288	220
ARABICA COFFEE									
Labour (per ha)	205,000	180,000	300,000	350,000	385,000	240,000	270,000	378,000	432,000
Amortized cost of Establishment	0	0	0	0	0	0	0	0	0
Depreciation (equipment)	90,000	125,000	125,000	120,000	150,000	150,000	130,000	150,000	200,000
Non-labour input cost [fertilizers, pesticides, etc.]	85,000	160,000	160,000	85,000	100,000	120,000	160,000	175,000	180,000
Total Cost per ha	380,000	465,000	585,000	555,000	635,000	510,000	560,000	703,000	812,000
Yield in Kilos of Kiboko or Parchment/ha	750	750	700	750	750	650	1,000	1,000	950
Unit Cost (Shs/Kilo)	507	620	836	740	850	785	560	703	854
Farm-gate Price (Shs/Kilo of Kiboko/Parchment)	1,000	1,700	1,800	1,400	1,300	1,000	990	1,200	1,390
Profits in Shs. Kilo	493	1,080	964	660	450	215	430	497	536



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is estimated at 40 percent and it is incorporated in the cost structure.

UGANDA COFFEE DEVELOPMENT AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED
SEPTEMBER 30, 2004, TOGETHER WITH THE REPORT
AND OPINION THEREON BY THE AUDITOR GENERAL.

AUDITED ACCOUNTS: 2003/04

SUMMARY	Page
Auditor General Report	56
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Under section 10(2) of the Uganda Coffee Development Authority (UCDA) Act (Cap. 325), I am required to audit the accounts of Uganda Coffee Development Authority and report to Parliament in accordance with Article 163 (4) of the Constitution not later than six (6) months after the end of the financial year to which they relate.

REPORT

1. The financial statements of the Uganda Coffee Development Authority (UCDA) for the year ended 30th September 2004 set out on pages 1 to 12 which have been prepared on the basis of accounting policies set out in note 1, have been audited. All the information and explanations, which were considered necessary for purposes of the audit, were obtained.

2. **Respective Responsibilities of the Directors and Auditors**

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

3. **Basis of Opinion**

The audit was conducted in accordance with International Standards on Auditing. Those standards require that the audit is planned and performed to obtain reasonable assurance 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 and significant estimates made by the directors, as well as an evaluation of the overall presentation of the financial statements.

4. **OPINION**

In my opinion, the financial statements give a true and fair view of the state of affairs of the Authority as at 30th September 2004 and of its deficit and cash flows of the year that ended and comply with the International Financial Reporting Standards and the Uganda Coffee Development Authority Act Cap. 325.

John F.S. Muwanga
AUDITOR GENERAL
Kampala
23rd August 2005

DEVELOPMENT AUTHORITY DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDING 30th SEPTEMBER 2004

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

The Directors accept responsibility of the annual financial statements set out on pages 1 to 12 which have been prepared using appropriate accounting policies supporting by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the requirements of the Uganda Companies Act. The directors are of the opinion that the financial statements give a true and fair view of the financial affairs of the Company and of its profit for the year. The directors accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for at least the twelve-month from the date of this statement.

Paul S. Mugambwa
Chairman, Board of Directors

Henry Ngabirano
Managing Director

August 23, 2005



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DEVELOPMENT AUTHORITY

BALANCE SHEET

FOR THE YEAR ENDING 30th SEPTEMBER 2004

	Notes	2003/2004	2002/2003
Fixed Assets (Net Book Value)	2	6,229,814,167	6,145,883,066
Investments in Joint Ventures	10(a)	-99,102,291	20,400,902
Other Investments and Work in Progress	10(b)	1,381,100,407	434,279,905
Current Assets			
Short-term Fixed Deposit	3	67,350,000	67,350,000
Cash at Bank	4	149,706,539	473,385,531
Cash in Hand		3,276,670	783,450
Prepayments		0	80,890,637
Other Debtors	5	146,045,370	214,680,468
Cess Debtors	6	229,183,279	148,488,768
SIP Debtors		128,863,009	0
Retirement Benefit Scheme Funds		91,854,480	0
		816,279,347	985,578,854
Liabilities			
Creditors' Amounts falling due within one year	7	637,940,887	470,666,531
		178,338,460	514,912,323
Creditors' Amounts falling due after one year	8	2,542,327,668	2,285,531,297
		5,147,823,075	4,829,944,899
Net Assets			
Financed By			
Funds of the Authority		2,216,750,000	2,216,750,000
C.F.C Counter Funding		266,315,261	266,315,261
Capital Reserves		503,532,492	503,532,492
ASAC Funding		746,529,785	746,529,785
Stabex Funding		847,800,000	847,800,000
UCDA Coffee Seedlings	9	1,664,341,117	793,126,905
Net Surplus/Deficit		-1,097,445,580	-544,109,544
Total		5,147,823,075	4,829,944,899

Henry Ngabirano
MANAGING DIRECTOR

Fred Luzinda-Mukasa
BOARD SECRETARY/HEAD OF FINANCE



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& ADMINISTRATION

DEVELOPMENT AUTHORITY
EXPENDITURE STATEMENT

FOR THE YEAR ENDED SEPTEMBER 30, 2004
(All in Uganda Shillings)

REVENUE	Notes	2003-2004 U Shs	2002-2003 U Shs
UCDA Revenues & Share of Joint Ventures	1	2,721,576,902	2,480,292,088
Less: Share of Joint Ventures		172,240,520	99,263,309
Total Operation Revenue		2,549,336,382	2,381,028,779
OPERATING EXPENSES			
Employment Costs	2	1,434,356,213	927,966,147
Maintenance and Consumables	3	176,718,912	116,707,377
Other Office Expenses	4	214,109,169	350,398,965
Travel Costs	5	36,642,410	63,327,559
Research and Development Cost	6	84,084,268	255,751,009
Information Systems	7	41,282,576	39,046,591
Quality And Regulatory	8	51,769,093	56,048,229
Support to Coffee Organisations	9	32,942,000	28,748,000
International Obligations	10	351,444,379	412,698,547
Depreciation / Provisions	11	542,637,467	332,207,275
Total Operating Expenses		2,965,986,487	2,582,899,699
UCDA Operating Surplus / (Deficit)		(416,650,105)	(201,870,920)
Share of Joint Venture loss in China		(161,510,950)	(174,324,603)
Share of Joint Venture loss in Egypt		(14,654,369)	-
Gain on Foreign Exchange		(14,289,711)	29,892,681
Net Surplus /(Deficit)		(607,105,135)	(346,302,842)

DEVELOPMENT AUTHORITY
STATEMENT OF INCOME AND EXPENDITURE STATEMENT

FOR THE YEAR ENDED SEPTEMBER 30, 2004
(All in Uganda Shillings)

	2003-2004	2002-2003
	U Shs	U Shs
Retained deficit at the beginning of the year	(544,109,544)	(197,806,702)
Provision on Cess Debtors written back	116,998,079	0
Prior year adjustments	(63,228,980)	0
Operating Surplus / (Deficit) for year	(607,105,135)	(346,302,842)
Retained deficit at the end of year	(1,097,445,580)	(544,109,544)

UCDA DEVELOPMENT AUTHORITY INCOME AND EXPENDITURE STATEMENT

FOR THE YEAR ENDED SEPTEMBER 30, 2004
(All in Uganda Shillings)

NOTE. 1: ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING

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

1.2 DEPRECIATION

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

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

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

1.3 BAD AND DOUBTFUL DEBTS

Specific provisions have been made for all known doubtful debts in addition to a general provision as estimated by management. Bad debts are written off after approval of the Board of Directors.

1.4 TRANSLATION OF FOREIGN CURRENCIES

Transactions in foreign currencies during year are converted into Uganda Shillings at rates ruling at the transaction dates. Assets and liabilities at the Balance Sheet date, which are expressed in foreign currencies, are translated into Uganda Shillings at rates ruling at the Balance Sheet date. The resulting differences from conversion and translation are dealt within the Income and Expenditure Account in the year they arise.

1.5 CONSOLIDATION OF JOINT VENTURES OPERATION

The Authority operates joint venture companies-Beijing Chenao Coffee Company Ltd in Beijing, and Uganda Egypt Coffee Manufacturing Company (UGEMCO) in Cairo.

The accounts have been prepared to include the audited results of the above-mentioned joint ventures using the equity method and in accordance with IAS 31.



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venture in Denmark have not been consolidated, as
erefore reported as investment in the accounts.

UCDA COFFEE DEVELOPMENT AUTHORITY

NOTES TO THE INCOME AND EXPENDITURE STATEMENT

FOR THE YEAR ENDED SEPTEMBER 30, 2004

(All in Uganda Shillings)

NOTE. 2: FIXED ASSETS SCHEDULE

	Opening Balance	Additions 2003/04	Total	Opening Depreciation	Depreciation Charge for year	Accumulated Depreciation	Net Book Value
Land and Buildings	6,932,519,361	53,365,040	6,985,884,401	1,319,709,403	113,323,500	1,433,032,903	5,552,851,498
Office Furniture	235,020,751	1,130,000	236,150,751	182,129,125	6,482,595	188,611,720	47,539,031
Computers & Peripherals	210,289,927	53,211,860	263,501,787	140,705,480	40,522,781	181,228,261	82,273,526
Office Equipment	104,465,395	15,972,708	120,438,103	70,080,003	6,042,972	76,122,975	44,315,128
Motor Vehicles	162,006,548	86,152,660	248,159,208	120,731,804	25,485,481	146,217,285	101,941,923
Commercial Vehicles	365,712,118	113,339,635	479,051,753	277,499,716	50,388,009	327,887,725	151,164,028
Liquoring Equipment	246,068,132	0	246,068,132	97,144,419	17,870,846	115,015,265	131,052,867
Motor Cycles	159,118,350	0	159,118,350	67,039,023	18,415,865	85,454,889	73,663,461
Generator	14,000,000	45,429,346	59,429,346	8,278,542	6,138,096	14,416,639	45,012,707
Total	8,429,200,582	368,601,249	8,797,801,831	2,283,317,517	284,670,145	2,567,987,662	6,229,814,169



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UCDA DEVELOPMENT AUTHORITY
NOTES TO THE INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2004
(All in Uganda Shillings)

NOTE. 3: SHORT-TERM DEPOSITS

	2003/04	2002/03
Short-term Fixed Deposit	67,350,000	67,350,000

This is in respect of funds held at Standard Chartered Bank on fixed deposit on behalf Staff Retirement Benefit Scheme.

NOTE. 4: CASH AT BANK & AT HAND

	2003/04	2002/03
Stanbic Bank City Branch A/C 0140007511801	24,803,981	47,635,934
Stanbic Bank City Branch A/C 0140007222101	1,973,542	36,120,861
Standard Chartered Bank (Salary Account)	25,935,779	23,317,879
Standard Chartered Bank (Staff Pension Funds)	34,939,025	188,714,901
Standard Chartered Bank (Fuel Card Account)	5,905,847	5,000,000
Nile Bank Ltd.(Rent Account)	55,648,365	172,095,956
Housing Finance Company of Uganda Ltd	500,000	500,000
Cash at hand	0	783,450
	149,706,539	474,168,981

NOTE. 5: OTHER DEBTORS

	2003/04	2002/03
Staff Advances	63,803,020	36,214,670
Rent Receivable	148,881,750	
Provision for bad & doubtful debtors	(70,637,400)	63,860,370
Bank of Uganda (Greenland Bank Accounts)	174,597,798	
Provision for bad & doubtful debt	(174,597,798)	174,597,798
Others	3,998,000	3,998,000
	146,045,370	178,595,798

THE DEVELOPMENT AUTHORITY
NOTES TO THE INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2004
(All in Uganda Shillings)

NOTE. 6: CESS DEBTORS

		2003/04	2002/03
Cess Debtors		328,002,826	350,620,616
Specific bad debt Provision	86,087,425		
General provision	12,732,122	98,819,547	
		229,183,279	

The provisions for bad debts in respect of Cess debtors are split into a specific provision catering for exporters who are no longer performing and the general provision is management's estimate on current exporters' Cess balances.

NOTE. 7: CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

		2003/04	2002/03
PAYE & Graduated Tax		28,292,763	23,294,641
International coffee organization		112,000,000	78,120,000
Inter-Africa coffee Organization		61,200,000	71,784,000
DFCU Leasing facility		60,998,189	0
RBS Loan		91,854,480	0
DCCs' Gratuity (Contract		1,605,200	5,760,000
NSSF Payable		2,951,337	0
Pension and Gratuity		214,298,939	263,432,578
Prepaid Export Licenses		15,000,000	9,000,000
Accruals		48,753,691	16,058,360
Garbage Collection		986,288	3,216,952
		637,940,887	470,666,531

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

		2003/04	2002/03
Association of Coffee Producing Countries (ACPC)		4 80,592,000	448,903,238
Reuters		104,480,202	104,480,202
International Coffee Organization (ICO)--		501,260,288	472,564,419
Inter Africa Coffee Organization (IACO)		1,353,764,057	1,259,583,438

UGANDA COFFEE DEVELOPMENT AUTHORITY

NOTES TO THE INCOME AND EXPENDITURE STATEMENT

FOR THE YEAR ENDED SEPTEMBER 30, 2004

(All in Uganda Shillings)

The obligations to IACO, ICO, ACPC are contributions arising every coffee year towards their administrative budget. These obligations have accumulated due to insufficient funding since the crash of the coffee prices in 1999

- The ACPC has since Jan 2002 collapsed and wound up, and it is management view that the obligation will not be paid.
- UCDA in the coffee year remitted GBP18,000 and US\$36,000 to ICO and IACO respectively.
- The non-payments of the obligations to the International Coffee Organization does not affect the going concern of the Authority as at 30th September 2004, as non-payment is only punishable by loss of voting rights

NOTE. 9: SUPPORT TO UCDA COFFEE SEEDS

	2003/04	2002/03
Balance b/f	793,126,905	328 290 837
Investment in China	0	47,428,163
Wet Processing Machines	0	417,407,905
Investment in Egypt	118,380,000	0
Investment in Denmark	752,834,212	0
Bal. C/f	1,664,341,117	793,126,905

Support to UCDA coffee seeds is a component of the Strategic Intervention Programme (SIP) financed by the Government of Uganda.

NOTE. 10: INVESTMENTS

(a) Investments in Joint Ventures

		2003/04	2002/03
Share of Assets in China	223,205,893		
Share of Liabilities in China	-360,507,232	- 137,301,339	20,400,902
Share of Assets in Egypt	40,492,725		
Share of Liabilities in Egypt	-2,293,677	38,199,048	0
		-99,102,291	20,400,902


(b) Other Investments & Work in Progress

Investment in UBIN		16,872,000	16,672,000
Windsor crescent W.I.P		156,433,127	0

417,407,905	417,407,905
800,262,375	0
(9,875,000)	0
1,381,100,407	434,079,905

UGANDA COFFEE DEVELOPMENT AUTHORITY
NOTES TO THE INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2004
(All in Uganda Shillings)

	2003/2004	2002/2003
	U. Shs	U. Shs
1 REVENUE		
Cess 1%	2,155,098,322	2,014,813,991
Rent Income	338,199,174	290,401,000
Sundry Income	56,038,886	75,813,788
	2,549,336,382	2,381,028,779
OPERATIONAL EXPENSES		
2 Employment Costs		
Salaries and Wages	792,182,880	615,575,899
Emergency Medical Provision	7,738,500	2,709,000
Performance Allowance	11,144,250	10,063,700
Public Holiday Expenses	6,637,650	24,527,300
Leave Allowance	82,686,454	61,466,427
N.S.S.F. Contribution	77,281,925	52,236,922
General Staff Welfare	12,873,175	6,458,114
Welfare Costs (funerals)	4,189,000	1,910,000
Gratuity and Pension scheme	113,178,132	108,903,783
Contract Gratuity	131,042,447	23,889,002
Outsource Allowance	20,415,200	20,226,000
Medical refund	120,992,000	0
Fuel town running/refund	53,994,600	0
	1,434,356,213	927,966,147
3 Maintenance and Consumables		
Repairs - Buildings	42,059,228	29,456,117
Repairs - Office Equipment	16,193,587	5,190,738
Other Services/Office Cleaning	12,777,413	8,661,254
Repair & Maintenance - Cars	21,164,560	37,377,965
Motor vehicle fuel	54,892,394	0
M & S - Auto Supplies	21,084,284	27,028,113
Vehicle Registration/Licenses	8,547,446	8,993,190
	176,718,912	116,707,377
4 Other office expenses		



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Professional Fees
Donations/Contributions

48,380,120	30,777,672
2,842,954	4,086,030
37,245,098	28,878,430
2,426,400	1,959,000

E DEVELOPMENT AUTHORITY

NOTES TO THE INCOME AND EXPENDITURE STATEMENT

FOR THE YEAR ENDED SEPTEMBER 30, 2004

(All in Uganda Shillings)

	2003/2004	2002/2003
	U. Shs	U. Shs
Insurance	24,617,005	25,113,560
Utilities - Water	11,778,715	8,185,965
Utilities - Electricity	17,992,983	14,966,094
Bank Charges/Interest Charges	10,923,506	7,585,052
Property Rates and taxes	10,584,595	6,500,475
Printing, Clerical Supplies	24,218,220	13,621,250
News Papers/Periodicals/subscription	4,049,370	3,029,370
Directors Expenses	39,179,288	34,767,888
Office Security	14,600,000	13,170,000
Legal Fees	9,636,363	2,591,350
Foreign Exchange Differences	-65,694,173	155,166,829
Interest on Lease Facilities	2,673,137	0
Interest on RBS Loan	18,655,588	0
	214,109,169	350,398,965
5 Travel Costs		
Internal Travel	17,199,100	37,142,783
External Travel -ICO	4,470,560	13,555,576
External Travel - IACO	14,972,750	12,629,200
	36,642,410	63,327,559
6 Research and Development Costs		
R and D Nursery Funding	0	53,596,905
Research Activities	1,835,464	4,426,550
District Coffee Coordinators	43,328,750	141,268,532
Monitoring & Evaluation	27,304,874	13,627,300
Replanting Program	6,601,090	14,284,100
Coffee Promotion	0	790,000
Training and seminars	5,014,090	27,757,622
	84,084,268	255,751,009
7 Information Systems		
Monitoring Activities	0	8,677,218
Departmental Publications	8,982,750	0
Market Evaluation/Stock Survey	10,928,500	16,536,284
Information Technology Functions	21,371,326	7,879,589
ICO Publications	0	300,000
UCDA annual Report	0	5,653,500
	41,282,576	39,046,591

E DEVELOPMENT AUTHORITY

NOTES TO THE INCOME AND EXPENDITURE STATEMENT

FOR THE YEAR ENDED SEPTEMBER 30, 2004

(All in Uganda Shillings)

	2003/ 2004	2002/ 2003
	U. Shs	U. Shs
8 Quality and Regulatory		
Technical Extension Services	11,311,654	15,884,269
Export Pre-shipment/Inspection	0	19,861,829
Export Documentation	0	0
Export Seals/Supplies	1,456,048	0
Specialty & Gourmet Coffee	5,098,627	13,754,631
Coffee & Quality Enhancement	33,902,764	44,000
Roasting & Brewing	0	6,503,500
	51,769,093	56,048,229
9 Support to Coffee Organisations		
UCTF Support	11,592,000	12,548,000
UCFA Support	16,200,000	16,200,000
Coffee Roasters Association	5,150,000	0
	32,942,000	28,748,000
10 International Obligations		
ICO - Contributions	139,941,014	154,492,800
IACO - Contributions	211,503,365	224,820,772
Prevention of Moulds	0	33,384,975
	351,444,379	412,698,547
11 Depreciation / Provisions		
Land and Buildings	113,323,500	114,547,142
Office Furniture	6,482,595	7,212,494
Computers & Peripherals	40,522,782	34,272,936
Office Equipment	6,042,972	4,688,917
Motor Vehicles	25,485,481	10,318,686
Commercial Vehicles	50,388,010	29,404,134
Liquoring Equipment	17,870,846	20,307,779
Motor Cycles	18,415,865	23,019,832
Generator	6,138,097	780,199
Provision for bad & doubtful debts	257,967,320	87,655,154
	542,637,468	332,207,274

UCDA DEVELOPMENT AUTHORITY

CASH FLOW STATEMENT

FOR THE YEAR ENDED SEPTEMBER 30, 2004

(All in Uganda Shillings)

	2003-2004		2002-2003
	U Shs		U Shs
RECONCILIATION OF NET DEFICIT FOR THE YEAR TO CASH FLOWS FROM OPERATING ACTIVITIES			
Net Operating Deficit	-	416,650,105	-
Depreciation		284,670,148	244,552,121
Provision for bad & doubtful debts		140,969,243	87,655,154
Prior year adjustments	-	63,228,980	0
Increase in Debtors	-	151,886,265	-
Increase in Liabilities		260,841,417	260,817,280
Net Cash inflow from Operating Activities		54,715,458	301,316,254
CASH FLOW STATEMENT			
Net Cash inflow from Operating Activities		54,715,458	301,316,254
INVESTING ACTIVITIES			
Construction of Laboratory	-	53,365,040	0
Purchase of Computers	-	53,211,860	-
W.I.P on Windsor Crescent	-	156,433,127	-
Purchases on Motor vehicle	-	1,757,000	0
Purchase of furniture & Equipment	-	1,130,000	0
Purchase of Liquoring Equipment		0	-
Purchase of office equipment	-	15,972,708	0
Investment in China		0	-
Investment in Egypt	-	118,380,000	0
Investment in Denmark	-	752,834,212	0
Purchase of Wet processing Machine		0	-
		-	-
Net Cash flow from Investing Activities		1,153,083,947	- 764,985,285
FINANCING ACTIVITIES			
Lease repayments to dfcu	-	103,906,495	0
Coffee Seed Account		871,214,212	693,572,906
Contribution to Shares in Egypt		9,875,000	0
Net Cash flow from Financing Activities		777,182,717	693,572,906
		-	-
		321,185,772	229,903,875
ANALYSIS OF CHANGES IN CASH & CASH EQUIVALENT			
Closing Bank balances		217,056,539	540,735,501
Closing Cash balances		3,276,670	783,480



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-	540,735,501	-	311,130,606
-	783,480	-	484,500
	-		
	321,185,772		229,903,875

DECREASE IN CASH & CASH EQUIVALENT



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