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Minister of Agriculture, Animal Industry & Fisheries
Hon. Dr ZERUBABEL NYIIRA
Minister of State for Agriculture.
UCDA ANNUAL REPORT: 2009/10

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

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

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

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

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

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

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

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

The tremendous achievements the industry continues to register would not be possible without a hand from our development partners: USAID-LEAD, Danida, Urth Caffé, Heifer International, University of Florida, George
Washington University, Ugandans in the Diaspora, Café Mundi, Café Africa and IITA. The initiatives being undertaken by each in the agricultural and trade sectors compliment the coffee industry strategies, especially in production of sustainable coffees. Through these undertakings some farmers received heifers, solar panels, water tanks, and others on top of improved household incomes. We are indeed thankful and do promise our continued support to these programmes.

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

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

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

Eng. Fabian R. Tibeita
Chairman - UCDA Board of Directors
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<th>Acronyms / Abbreviations</th>
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<tr>
<td>4Cs - Common Code for Coffee Communities</td>
<td>IPM - Integrated Pest Management</td>
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<td>ASAC - Agricultural Structural Adjustment Credit</td>
<td>KARI - Kawanda Agricultural Research Institute</td>
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<td>BCU - Bugisu Co-operative Union</td>
<td>MAAIF - Ministry of Agriculture, Animal Industry &amp; Fisheries</td>
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<tr>
<td>BOD - Board of Directors</td>
<td>LEAD - Livelihood and Enterprises for Agricultural Development</td>
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<tr>
<td>CABI - Centre for Agriculture &amp; Bioscience International</td>
<td>NARO - National Agriculture Research Organization</td>
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<td>CBD - Coffee Berry Disease</td>
<td>NES - National Export Strategy</td>
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<td>CBN - Community Based Nurseries</td>
<td>NUCAFE - Nation Union of Coffee Agribusiness and Farm Enterprises</td>
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<tr>
<td>CFC - Common Fund for Commodities</td>
<td>PFA - Prosperity For All</td>
</tr>
<tr>
<td>CLR - Coffee Leaf Rust</td>
<td>RBS - Retirement Benefit Scheme</td>
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<td>COREC - Coffee Research Centre</td>
<td>RO - Regional Officer</td>
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<td>CQI - Coffee Quality Institute, USA</td>
<td>SIDA - Swedish International Development Agency</td>
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<tr>
<td>CWD - Coffee Wilt Disease</td>
<td>SRCC - Sub-Regional Coffee Co-ordinators</td>
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<td>DFI - District Farm Institute</td>
<td>UCDA - Uganda Coffee Development Authority</td>
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<td>DSIP - Development Strategic Investment Plan</td>
<td>UCTF - Uganda Coffee Trade Federation</td>
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<td>EAFCA - East African Fine Coffees</td>
<td>UMA - Uganda Manufacturers Association</td>
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<td>EU - European Union</td>
<td>UNEX - Union Export Services</td>
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<td>FAQ - Fairly Average Quality</td>
<td>USAID - United States Agency for International Development</td>
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<td>GAPs - Good Agricultural Practices</td>
<td>USDA - United States Development of Agriculture</td>
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<td>GHPs - Good Hygienic Practices</td>
<td>VRC - Variety Release Committee</td>
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<td>GMPs - Good Manufacturing Practices</td>
<td>WRS - Warehouse Receipt System</td>
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<td>HACCPs - Hazard Analysis and Critical Control Points</td>
<td>WTO - World Trade Organization</td>
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<td>IC - Implementation Committee</td>
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<td>ICA - International Coffee Agreement</td>
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<td>ICC - International Coffee Council</td>
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<td>ICO - International Coffee Organization</td>
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<td>ICS - Internal Control System</td>
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<td>IMI - International Mycological Institute</td>
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<td>IMI - International Mycological Institute</td>
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EXECUTIVE SUMMARY

1. Marketing

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

2. Quality Assurance

- 600 players at post-harvest level were registered during the year - 250 buying stores, 300 primary processors, 42 exporters and 8 roasters. Among exporters, 5 were new companies namely, Penform Trading Co Ltd., Anitas Coffee, Trans-gaz (u) Ltd., Elgon Quality Commodities and Gold (Africa) Nile Ltd.
- Seven (7) new wet mills were installed during the year and UCDA provided technical assistance. These comprised six (6) units in arabica growing areas, namely Busulani (4.0 tonnes/hr), Cheema (3.6 tonnes/hr), Gibuzale (2.5 tonnes/hr), Manafwa (2.5 tonnes/hr), Busana (1.0 tonne/hr) and Kabeywa (0.5 tonne/hr); and one for Robusta of 1.5 tonnes/hr in Ishaka district. This was in addition to the 3 washing stations rehabilitated by Bugisu Co-operative Union (BCU) – Gibuzale, Busano and Manafwa.
- At export grading level, 2 new factories were established by Armajaro (U) Ltd in Bweyogerere and Job Coffee Ltd in Ntinda.
• Out-turn for Robusta dry cherries (Kiboko) to FAQ ranged between 45% and 56%, a drop from an average of 57.3% realized in the previous year. The drop was blamed on the prolonged dry spell experienced during in the robusta coffee areas.

• There is a general improvement in the quality of coffee over the years, which owed to enhanced agricultural and handling practices in the industry. The percentage of clean cups stood at 97.3% up from 96.8% recorded in the previous year. Organic coffees (robusta and arabica) registered 100% of clean cups.

• At total of 46 participants underwent training in Basic Quality Control techniques, which included laboratory management as well. These included 18 university students from the faculties of food science and technology on industrial training.

• Under Barista training, 96 were trained and of these 30 partook in the 3rd National Barista Championship competition where one Roberts MBABAZI of Favour Café in Jinja emerged the champion. Barista training has positively impacted on the quality of the coffee cup served at various outlets.

• Three (3) training sessions in commercial roasting, blending and packaging were conducted during the year benefiting 35 participants who were drawn from hotels, restaurants and cafés.

• Uganda along with other Robusta coffee growing countries developed protocols for fine Robusta coffee with assistance from Mr. Ted Lingle, Executive Director of the Coffee Quality Institute (CQI), USA. The protocols were later presented to the International Coffee Council (ICC) in September 2010.

3. Development

• Under generation of planting materials, 13.5 m/tonnes of elite seed – Robusta 10.7 tonnes and Arabica 2.8 tonnes – were distributed to nursery operators to raise seedlings. In addition 307 tonnes of shade tree seed (Albizia) were also given out.

• Rehabilitation works of seed gardens in Buginyanya and Zombo was completed during the year. Seed production from these gardens is projected at 8,000 tonnes in 2010/11 – Buginyanya 7,000 Kgs and Zombo 1,000 Kgs. Rehabilitation of Nyamigogo seed garden in Kisoro district is due to start.

• A total of 14.91 million seedlings were procured and distributed to farmers and farmer groups to plant during the year – direct to individual farmers 6.35 m seedlings, members of the community-based nurseries (CBNs) 7.06 m seedlings, and other interest groups 1.5 m. Under the Northern Uganda project 150,480 seedlings were planted all together (9,130 were arabica seedlings planted in Lututur Prison area).

• 108 demonstration sites of one acre each were set up, one per subcounty, through which Good Agronomic Practices (GAPs) are passed on to farmers. Farmers’ response is good and increase in yield is being sighted on coffee gardens of early adopters of the technologies.

• 168 acres of old coffee shambas have been stumped with direct assistance from UCDA field staff who are equipped with the appropriate tool kits – power saws, secateurs, bow saws and pangas.

• To further stimulate farmers’ interest in coffee growing; coffee farmer competitions were introduced in 20 districts although 14 participated – Eastern 4, Northern 2, Central 6 and Western 2. The best farmers in each district received prizes ranging from Solar
panels, Hand pulpers, Tarpaulins, Spray pumps, pruning kits, NPK fertilizers, Radios and Certificates.

- Costs of production at various levels of agro-inputs use were established and the most rewarding option recommended to farmers.

- Coffee farmers under the Northern Uganda coffee project had coffee field tours in South-western Uganda, which exposed them to good agronomic practices for profitability. In addition, lead farmers were facilitated to attend the Agricultural Show in Gulu where they exchanged views with other farmers.

- Two workshops were conducted in Northern Uganda to sensitise farmers on quality and marketing and thereafter, the farmers were given 21 dry trays and 60 tarpaulins. And a total of 96.7 m/tonnes of Kiboko were later sold through group marketing – Acholi 38 tonnes and Lango 58.7 tonnes.

- A total of 25,865 farmers were registered under promotion of the Sustainable coffee initiatives (SCI) – Eastern (18,757 farmers), Central (68 farmers), Northern (5,000), Western & South Western (2,040). Training workshops were conducted on certification and verification of the various sustainable coffee initiatives – Organic, 4Cs, Utz Certified and Rainforest Alliance.

- Farmers under the Mt. Gorilla Organic Coffee Association were supported by Urth Caffé of California, USA with hand pulpers, spray pumps, solar panels, water tanks, goats and bicycles. The support has boosted farmers’ interest in the project and production is envisaged to go up by at least 0.5 tonnes to 3 m/tonnes in 2011.

- Propagation of the 7 Coffee Wilt Disease resistant lines, released by the Hon. Minister of Agriculture, Animal Industry and Fisheries in the previous year, into commercial quantities was embarked on using tissue culture technology and nodal cuttings. The Kawanda tissue culture Laboratory was boosted with equipment.

4. Research

- 890 plantlets were generated from the 7 CWD resistant Robusta lines using tissue culture technology at Kawanda, and later given to nursery operators to set up mother gardens for further multiplication. The beneficiaries included MUZARDI of Mukono, JOB Coffee of Nakaseke, Reverend TWINAMATSIKO of Mubende, Kabunanga Investments of Mityana, Mrs. Mukibi of Masaka and Mrs. Kava of Rakai. This was in addition to a demo garden of 75 bushes set up at NaCRRI, Namulonge.

- Another 8,361 plantlets that are in humidity chambers and 7,908 planted in polypots will be ready for distribution to farmers in the first rains of 2011. This is in addition to the 362 plantlets that are already hardened for field planting.

- Working with COREC, coffee nursery operator sites to work as centre of excellence for rapid multiplication of the 7 elite CWD resistant Robusta varieties were identified – Central region (8), Eastern (3), Western (6), and South Western (3).

- The study undertaken by COREC to identify the pests, to which the 7 CWD resistant lines are susceptible to, revealed twig borer, may be a threat to the new variety. Data on other pests are still being collected with a view of coming up with an Integrated Pest Management package.

5. Finance and Administration

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

- Under monitoring and evaluation, the Board of Directors undertook field trips in Wakiso, Mpigi, Mityana and Mubende districts and noted the critical success factors on the ground as limited supply of planting materials, rehabilitation of old coffee gardens and quality improvement.

- The Audit Committee of the Board visited the Joint Venture Companies in Cairo, Egypt and Beijing, China and came up with the following recommendation:
  - That the Private Sector should have greater participation in the JVCs on commercial basis, leaving generic promotion to UCDA.

- Board members on UGEMCO Board attended the Annual General and Stakeholders' meeting where UGEMCO Board was appointed with Uganda as the chair.

- Under generic promotion, Uganda participated in the Canton Guangzhou City trade show, SCAE in London, Shangai Expo 2010 in China, World Travel Market in London, and the UNAA conference through which Uganda coffee was showcased.

- UCDA procurement and disposal process was audited by PPDA and found to be 83% compliant with the PPDA Act, putting UCDA in the 6th position out of the 72 government institutions.

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

- Similarly, the entire fleet of vehicles, 7 vehicles and 19 motorcycles were routinely serviced but 2 units UAF 660 K and UAA 295 E are due for replacement.

- Uganda ratified the International Coffee Agreement (ICA) 2007. UCDA participated in all ICO meetings and it is through these meetings that the Managing Director, Mr. Henry NGABIRANO was elected the Chairman of the International Coffee Council (ICC); and also Uganda was listed as a beneficiary of the Common Fund for Commodities (CFC) funded Gourmet Project.
1. Introduction

A number of policies and programmes have been designed over the years to not only address industry competitiveness but also meet consumer requirements. The policies and programmes focus on production and productivity growth of sustainable coffees, Quality Improvement, Information Dissemination, Value Addition, Promotion and Domestic Coffee Consumption. Board’s thrust during the year, continued to concentrate on production and productivity enhancement activities to meet national development targets, hence augment household incomes for coffee farmers.

1.2 Production and productivity enhancement

1.2.1 Replanting

The programme aims at replacing the old coffee trees and those affected by Coffee Wilt Disease; and planting in new areas, in particular in Mid Northern Uganda. To meet the demand for planting materials/seedlings, the concept of community-based nurseries continued to be used to complement the conventional Clonal mother gardens. UCDA provides certified elite coffee seed and poly-pots to farmers in the community besides technical extension and training. To speed up propagation of the partially released CWD resistant varieties into commercial quantities, the Board adopted two approaches – tissue culture propagation and the Clonal cuttings. This is on top of the already ongoing rehabilitation of the former MAAIF Clonal mother gardens in which germplasm is preserved.

1.2.2 Rehabilitation

One-acre demonstration coffee sites that act as farm field schools, through which good agricultural practices (GAPs) are showcased to farmers are being set up at subcounty level. The early adopters of these productivity enhancement technologies therein have seen yields from their gardens improve by at least 40 percent. Farmer competitions to speed up the adoption rate of GAPs were introduced, and the best farmers receive prizes in the range of pruning kits, solar panels, water tanks, etc.

1.2.3 Promotion of Sustainable Coffee

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

1.2.4 Provision of Extension Services

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

1.3 Quality Improvement

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

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

1.4 Value Addition

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

1.5 Marketing and Information Dissemination

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

1.6 Research

The Coffee Research Centre (COREC) continues to engage in biological research into more disease resistant (CWD) lines, Leaf Rust and Red Blister, among others. The seven (7) partially released CWD resistant lines have started being planted in selected nurseries for further multiplication.
Chapter Two

COFFEE MARKETING

2.0 General Performance

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

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

2.1 Coffee Procurement

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

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

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

<table>
<thead>
<tr>
<th>Coffee Year</th>
<th>Coffee Type</th>
<th>TOTAL</th>
<th>%-Age Change Over Previous yr.</th>
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<tr>
<td>Average</td>
<td>Robusta</td>
<td>2,308,974</td>
<td>635,862</td>
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<tr>
<td>2009/10</td>
<td>Robusta</td>
<td>2,076,557</td>
<td>817,319</td>
</tr>
<tr>
<td>2008/09</td>
<td>Robusta</td>
<td>2,609,518</td>
<td>650,029</td>
</tr>
<tr>
<td>2007/08</td>
<td>Robusta</td>
<td>2,982,339</td>
<td>507,917</td>
</tr>
<tr>
<td>2006/07</td>
<td>Robusta</td>
<td>2,325,960</td>
<td>579,321</td>
</tr>
<tr>
<td>2005/06</td>
<td>Robusta</td>
<td>1,550,497</td>
<td>624,724</td>
</tr>
</tbody>
</table>

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

Table 2.2 shows coffee delivered at the export grading factories on a monthly basis in the last two years. The deliveries were highest during the first quarter Oct/Dec 2009 the main harvesting and marketing period in Central and Eastern regions.
Table 2.2 Comparative Procurement Figure - 60-Kilo Bags

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

2.2. External Market

2.2.1 Coffee Export Performance

Figure 1 shows annual coffee exports by type (Robusta and Arabica) in 60-Kilogramme bags in the last three coffee years - 2009/10, 2008/09 and 2007/08. As per the graph, Arabica continues to show a positive trend over the years from 497,105 bags in 2007/08 to the current level of 711,571 bags.
On the other hand, as earlier explained, there is a persistent decline in Robusta coffee quantities as indicated in the figure, which is explained by the prevalence of Coffee Wilt Disease (CWD) in virtually all the Robusta coffee growing districts. The situation is made worse by climate change, which has seen an upsurge in pests – stem twig borer and caterpillars in Robusta; and urbanisation, which hasn’t only encroached on land under coffee but has also created labour shortages. The youth prefer off-farm economic activities, leaving coffee growing to the elderly.

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

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

<table>
<thead>
<tr>
<th>MONTHS</th>
<th>2009/10</th>
<th>2008/09</th>
<th>%-Age Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Qty</td>
<td>Value $</td>
<td>Qty</td>
</tr>
<tr>
<td>G/ Total</td>
<td>2,668,971</td>
<td>266,715,621</td>
<td>3,053,688</td>
</tr>
<tr>
<td>October</td>
<td>199,011</td>
<td>18,672,578</td>
<td>179,564</td>
</tr>
<tr>
<td>November</td>
<td>233,511</td>
<td>21,963,202</td>
<td>266,732</td>
</tr>
<tr>
<td>Qtr - 1</td>
<td>705,277</td>
<td>66,334,254</td>
<td>744,944</td>
</tr>
<tr>
<td>January</td>
<td>263,014</td>
<td>25,146,131</td>
<td>329,211</td>
</tr>
<tr>
<td>February</td>
<td>262,793</td>
<td>26,277,805</td>
<td>319,605</td>
</tr>
<tr>
<td>March</td>
<td>219,684</td>
<td>21,965,391</td>
<td>256,579</td>
</tr>
<tr>
<td>Qtr - 2</td>
<td>745,491</td>
<td>73,389,327</td>
<td>905,395</td>
</tr>
<tr>
<td>April</td>
<td>152,640</td>
<td>15,546,558</td>
<td>205,725</td>
</tr>
<tr>
<td>May</td>
<td>177,380</td>
<td>18,233,343</td>
<td>220,620</td>
</tr>
<tr>
<td>June</td>
<td>234,956</td>
<td>23,021,102</td>
<td>254,026</td>
</tr>
<tr>
<td>Qtr - 3</td>
<td>564,976</td>
<td>56,801,003</td>
<td>680,371</td>
</tr>
<tr>
<td>July</td>
<td>266,215</td>
<td>27,531,940</td>
<td>265,567</td>
</tr>
<tr>
<td>August</td>
<td>217,284</td>
<td>23,701,754</td>
<td>260,236</td>
</tr>
<tr>
<td>September</td>
<td>169,728</td>
<td>18,957,343</td>
<td>197,827</td>
</tr>
<tr>
<td>Qtr - 4</td>
<td>653,227</td>
<td>70,191,037</td>
<td>723,630</td>
</tr>
</tbody>
</table>

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

### 2.2.2 Coffee Exports by Type and Grade

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

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

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

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

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

Table 2.4 Comparative Coffee Export Grades & unit Prices

<table>
<thead>
<tr>
<th>Coffee Type/Grade</th>
<th>2009/10</th>
<th>2008/09</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Quantity</td>
<td>Value</td>
</tr>
<tr>
<td>TOTAL</td>
<td>2,668,971</td>
<td>266,715,621</td>
</tr>
<tr>
<td>ROBUSTA</td>
<td>1,957,400</td>
<td>163,484,690</td>
</tr>
<tr>
<td>Organic Robusta</td>
<td>10,264</td>
<td>1,039,662</td>
</tr>
<tr>
<td>Washed Robusta</td>
<td>19,709</td>
<td>1,877,354</td>
</tr>
<tr>
<td>Screen 18</td>
<td>185,373</td>
<td>16,895,430</td>
</tr>
<tr>
<td>Screen 17</td>
<td>80,037</td>
<td>7,042,204</td>
</tr>
<tr>
<td>Screen 15</td>
<td>1,039,669</td>
<td>89,918,937</td>
</tr>
<tr>
<td>Screen 14</td>
<td>11,070</td>
<td>925,497</td>
</tr>
<tr>
<td>Screen 13</td>
<td>33,806</td>
<td>2,790,390</td>
</tr>
<tr>
<td>Screen 12</td>
<td>377,022</td>
<td>30,072,962</td>
</tr>
<tr>
<td>BHP 1199</td>
<td>115,583</td>
<td>7,028,194</td>
</tr>
<tr>
<td>Other Robusta</td>
<td>84,867</td>
<td>5,894,060</td>
</tr>
<tr>
<td>ARABICA</td>
<td>711,571</td>
<td>103,230,931</td>
</tr>
<tr>
<td>Organic Okoro</td>
<td>10,585</td>
<td>1,823,134</td>
</tr>
<tr>
<td>Organic Bugisu</td>
<td>13,500</td>
<td>2,461,703</td>
</tr>
<tr>
<td>Bugisu Premium</td>
<td>4,270</td>
<td>615,269</td>
</tr>
<tr>
<td>Bugisu AA</td>
<td>86,497</td>
<td>14,414,366</td>
</tr>
<tr>
<td>Bugisu A</td>
<td>22,528</td>
<td>3,764,371</td>
</tr>
<tr>
<td>Bugisu PB</td>
<td>3,121</td>
<td>500,232</td>
</tr>
<tr>
<td>Bugisu AB</td>
<td>73,670</td>
<td>11,985,918</td>
</tr>
<tr>
<td>Bugisu CPB</td>
<td>15,847</td>
<td>2,482,319</td>
</tr>
<tr>
<td>Bugisu B</td>
<td>37</td>
<td>5,397</td>
</tr>
<tr>
<td>Bugisu C</td>
<td>1,402</td>
<td>167,792</td>
</tr>
<tr>
<td>Mixed Arabica</td>
<td>2,940</td>
<td>287,436</td>
</tr>
<tr>
<td>Wugar</td>
<td>51,388</td>
<td>8,911,986</td>
</tr>
<tr>
<td>Drugar</td>
<td>333,912</td>
<td>45,876,067</td>
</tr>
<tr>
<td>Other Arabicas</td>
<td>91,874</td>
<td>9,934,941</td>
</tr>
</tbody>
</table>
Table 2.5 gives the monthly average prices for each type of coffee – Arabica and Robusta – on a comparative basis.

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

<table>
<thead>
<tr>
<th>Coffee Yr</th>
<th>2009/10</th>
<th>2008/09</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Arabica</td>
<td>Robusta</td>
</tr>
<tr>
<td>Average</td>
<td>2.43</td>
<td>1.39</td>
</tr>
<tr>
<td>Oct</td>
<td>2.19</td>
<td>1.34</td>
</tr>
<tr>
<td>Nov</td>
<td>2.39</td>
<td>1.35</td>
</tr>
<tr>
<td>Dec</td>
<td>2.40</td>
<td>1.32</td>
</tr>
<tr>
<td>Jan</td>
<td>2.55</td>
<td>1.35</td>
</tr>
<tr>
<td>Feb</td>
<td>2.47</td>
<td>1.32</td>
</tr>
<tr>
<td>Mar</td>
<td>2.34</td>
<td>1.33</td>
</tr>
<tr>
<td>Apr</td>
<td>2.28</td>
<td>1.31</td>
</tr>
<tr>
<td>May</td>
<td>2.22</td>
<td>1.37</td>
</tr>
<tr>
<td>Jun</td>
<td>2.28</td>
<td>1.41</td>
</tr>
<tr>
<td>Jul</td>
<td>2.59</td>
<td>1.50</td>
</tr>
<tr>
<td>Aug</td>
<td>2.70</td>
<td>1.57</td>
</tr>
<tr>
<td>Sep</td>
<td>2.79</td>
<td>1.52</td>
</tr>
</tbody>
</table>

#### 2.2.4 Export Performance By Individual Companies

Table 2.6 gives coffee exports by company in terms of individual and cumulative market shares during the year. Of the 42 registered companies during the year, 35 performed, the rest concentrated on secondary processing for others.
Table 2.6: Coffee Exports by Individual Companies in Oct/Sept 2010 Coffee Year

<table>
<thead>
<tr>
<th>Exporting Company</th>
<th>Quantity – 60 kg Bags</th>
<th>%-age Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Robusta</td>
<td>Arabica</td>
</tr>
<tr>
<td>Grand Total</td>
<td>1,957,400</td>
<td>711,571</td>
</tr>
<tr>
<td>1. Kyagalanyi Coffee Ltd.</td>
<td>255,936</td>
<td>145,468</td>
</tr>
<tr>
<td>2. Ugacof Ltd.</td>
<td>288,230</td>
<td>48,324</td>
</tr>
<tr>
<td>3. Kawacom (U) Ltd.</td>
<td>119,306</td>
<td>212,361</td>
</tr>
<tr>
<td>4. Savannah Commodities Ltd.</td>
<td>182,110</td>
<td>24,211</td>
</tr>
<tr>
<td>5. Great Lakes Co. Ltd.</td>
<td>57,709</td>
<td>143,449</td>
</tr>
<tr>
<td>6. Ibero (U) Ltd.</td>
<td>170,291</td>
<td>16,115</td>
</tr>
<tr>
<td>7. Kampala Domestic Store</td>
<td>154,242</td>
<td>-</td>
</tr>
<tr>
<td>8. Olam (U) Ltd.</td>
<td>126,933</td>
<td>26,615</td>
</tr>
<tr>
<td>9. Job Coffee</td>
<td>121,702</td>
<td>25,800</td>
</tr>
<tr>
<td>10. Pan Afric Impex</td>
<td>125,041</td>
<td>-</td>
</tr>
<tr>
<td>11. Nakana Coffee Factory Ltd.</td>
<td>73,980</td>
<td>-</td>
</tr>
<tr>
<td>12. Lakeland Holdings Ltd.</td>
<td>57,185</td>
<td>9,423</td>
</tr>
<tr>
<td>13. Coffee World Ltd.</td>
<td>51,226</td>
<td>-</td>
</tr>
<tr>
<td>14. Kamba Petroleum, Ltd.</td>
<td>32,797</td>
<td>-</td>
</tr>
<tr>
<td>15. Mbale Importers &amp; Exporters</td>
<td>-</td>
<td>31,070</td>
</tr>
<tr>
<td>16. LD Commodities Ltd.</td>
<td>28,974</td>
<td>-</td>
</tr>
<tr>
<td>17. Ankole Coffee Processors</td>
<td>22,140</td>
<td>4,060</td>
</tr>
<tr>
<td>18. Wabulungu Multi-Purpose</td>
<td>19,153</td>
<td>-</td>
</tr>
<tr>
<td>19. Penform Trading Ltd.</td>
<td>17,278</td>
<td>-</td>
</tr>
<tr>
<td>20. Kower Coffee Plantation</td>
<td>15,520</td>
<td>960</td>
</tr>
<tr>
<td>21. Anderson Investment Ltd.</td>
<td>7,066</td>
<td>5,999</td>
</tr>
<tr>
<td>22. Gumutindo Coffee Co-op</td>
<td>-</td>
<td>7,460</td>
</tr>
<tr>
<td>23. A.J.S Coffee</td>
<td>6,650</td>
<td>594</td>
</tr>
<tr>
<td>24. Ankole Coffee Producers Coop</td>
<td>7,120</td>
<td>-</td>
</tr>
<tr>
<td>25. Kitasha</td>
<td>5,665</td>
<td>-</td>
</tr>
<tr>
<td>26. Senti Initiatives Ltd.</td>
<td>5,591</td>
<td>-</td>
</tr>
<tr>
<td>27. Coffee Services</td>
<td>1,600</td>
<td>3,400</td>
</tr>
<tr>
<td>28. Bakwanye Trading Co. Ltd.</td>
<td>-</td>
<td>4,540</td>
</tr>
<tr>
<td>29. Anitas Coffee</td>
<td>3,287</td>
<td>-</td>
</tr>
<tr>
<td>30. Bugisu Co-operative Union</td>
<td>-</td>
<td>990</td>
</tr>
<tr>
<td>31. Lwanyaga Coffee Factory</td>
<td>334</td>
<td>-</td>
</tr>
<tr>
<td>32. Union Export Services (UNEX)</td>
<td>334</td>
<td>-</td>
</tr>
<tr>
<td>33. Elgon Commodities Ltd.</td>
<td>-</td>
<td>330</td>
</tr>
<tr>
<td>34. Uganda Coffee Exports Centre</td>
<td>-</td>
<td>312</td>
</tr>
<tr>
<td>35. Nile Highland Arabica</td>
<td>-</td>
<td>90</td>
</tr>
</tbody>
</table>

The top ten companies handled 2.24 million bags (84.1 percent), down from 2.75 m bags (90 percent) recorded in the previous year. The best 10 were the same companies as last year but had changes in relative positions. The best was Kyagalanyi Coffee Ltd with 401,404 bags – 15.04% (17.3%), followed by Ugacof Ltd. – 12.6% (9.3%), Kawacom (U) Ltd. – 12.4% (13.3%), Savannah Commodities – 7.7% (7.4%), Great Lakes Coffee Ltd. – 7.5%
(8.9%), Ibero (U) Ltd. – 7.0% (6.6%), Kampala Domestic Store – 5.8% (7.9%), Olam (U) Ltd. – 5.8% (3.7%); Job Coffee Ltd. – 5.5% (7.2%), and Pan Afric Impex Ltd. – 4.7% (2.4%). The figures in parenthesis represent the company’s performance in the previous coffee year.

### 2.2.5 Individual Coffee Buyers’ Performance

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

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

<table>
<thead>
<tr>
<th>Buyers</th>
<th>Quantity 60-Kilo Bags</th>
<th>%-age Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Grand Total</td>
<td>2,668,971</td>
</tr>
<tr>
<td></td>
<td>Individual</td>
<td>100.00</td>
</tr>
<tr>
<td></td>
<td>Cumulative</td>
<td>-</td>
</tr>
<tr>
<td>1 Ecom Agro-industrialists</td>
<td>289,803</td>
<td>10.86</td>
</tr>
<tr>
<td>2 Sucaina</td>
<td>228,504</td>
<td>8.56</td>
</tr>
<tr>
<td>3 Socadec</td>
<td>220,685</td>
<td>8.27</td>
</tr>
<tr>
<td>4 ABACO International</td>
<td>202,722</td>
<td>7.60</td>
</tr>
<tr>
<td>5 Bernhard Rothfos</td>
<td>179,883</td>
<td>6.74</td>
</tr>
<tr>
<td>6 Aldwami</td>
<td>169,784</td>
<td>6.36</td>
</tr>
<tr>
<td>7 Olam International</td>
<td>149,946</td>
<td>5.62</td>
</tr>
<tr>
<td>8 Decotrade</td>
<td>135,240</td>
<td>5.07</td>
</tr>
<tr>
<td>9 Volcafé</td>
<td>120,517</td>
<td>4.52</td>
</tr>
<tr>
<td>10 Cofftea (Sudan)</td>
<td>98,684</td>
<td>3.70</td>
</tr>
<tr>
<td>11 Straus Café</td>
<td>81,056</td>
<td>3.04</td>
</tr>
<tr>
<td>12 Icona Café</td>
<td>80,462</td>
<td>3.01</td>
</tr>
<tr>
<td>13 Tata Coffee</td>
<td>80,367</td>
<td>3.01</td>
</tr>
<tr>
<td>14 Hacofco</td>
<td>57,738</td>
<td>2.16</td>
</tr>
<tr>
<td>15 Guzman</td>
<td>45,270</td>
<td>1.70</td>
</tr>
<tr>
<td>16 Coex Coffee</td>
<td>44,392</td>
<td>1.66</td>
</tr>
<tr>
<td>17 Louis Dreyfus</td>
<td>44,372</td>
<td>1.66</td>
</tr>
<tr>
<td>18 Webcor</td>
<td>35,297</td>
<td>1.32</td>
</tr>
<tr>
<td>19 Aziede</td>
<td>31,710</td>
<td>1.19</td>
</tr>
<tr>
<td>20 Coffee Services</td>
<td>31,227</td>
<td>1.17</td>
</tr>
<tr>
<td>21 American Coffee</td>
<td>22,706</td>
<td>0.85</td>
</tr>
<tr>
<td>22 Vayhan</td>
<td>19,741</td>
<td>0.74</td>
</tr>
<tr>
<td>23 Elmmathahib</td>
<td>17,850</td>
<td>0.67</td>
</tr>
<tr>
<td>24 World Botanical</td>
<td>17,736</td>
<td>0.66</td>
</tr>
<tr>
<td>25 Hamburg Co</td>
<td>16,854</td>
<td>0.63</td>
</tr>
<tr>
<td>26 Others</td>
<td>246,425</td>
<td>9.23</td>
</tr>
</tbody>
</table>
1.1.6 Coffee Exports by Destination

Table 2.8 shows Uganda’s coffee exports by importing countries in volume and relative market shares. Over 72% (1.94 million bags) of Uganda’s coffee exports during the year went to countries in European Union. This represents a drop from 2.31 m bags (75.7%) in 2008/9 and 2.57 m bags (80.1%) in 2007/08. Coffee to Sudan, second destination, totalled 0.50 million bags (18.7%), up from 0.43 m bags (14.1%) last year and 0.44 m bags (13.7%) in 2007/08. Coffee to African countries totalled 0.504 m bags (18.9%) up from 436,622 bags (14.3%) last year and 0.466 m bags (14.5%) in 2007/08. The main destinations in Africa were Sudan, Morocco, Egypt and Kenya in relative order.

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

<table>
<thead>
<tr>
<th>Destination</th>
<th>Quantity in 60-Kilo bags</th>
<th>%-age Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Robusta</td>
<td>Arabica</td>
</tr>
<tr>
<td>Grand Total</td>
<td>1,957,400</td>
<td>711,571</td>
</tr>
<tr>
<td>1 EU</td>
<td>1,319,498</td>
<td>619,737</td>
</tr>
<tr>
<td>2 Sudan</td>
<td>494,277</td>
<td>5,478</td>
</tr>
<tr>
<td>3 Switzerland</td>
<td>83,509</td>
<td>15,117</td>
</tr>
<tr>
<td>4 U.S.A.</td>
<td>23,820</td>
<td>55,665</td>
</tr>
<tr>
<td>5 Israel</td>
<td>17,576</td>
<td>5,074</td>
</tr>
<tr>
<td>6 Singapore</td>
<td>5,310</td>
<td>300</td>
</tr>
<tr>
<td>7 Canada</td>
<td>520</td>
<td>4,930</td>
</tr>
<tr>
<td>8 Russia</td>
<td>5,186</td>
<td>-</td>
</tr>
<tr>
<td>9 Morocco</td>
<td>3,974</td>
<td>640</td>
</tr>
<tr>
<td>10 Australia</td>
<td>1,260</td>
<td>3,220</td>
</tr>
<tr>
<td>11 Japan</td>
<td>1,800</td>
<td>1,090</td>
</tr>
<tr>
<td>12 Egypt</td>
<td>670</td>
<td>-</td>
</tr>
<tr>
<td>13 Kenya</td>
<td>-</td>
<td>320</td>
</tr>
</tbody>
</table>

2.3 Internal Marketing

2.3.1 Registered industry players at post-harvest

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

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

<table>
<thead>
<tr>
<th>Industry Players</th>
<th>2009/10</th>
<th>2008/09</th>
<th>2007/08</th>
<th>2006/07</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exporters</td>
<td>42</td>
<td>39</td>
<td>30</td>
<td>28</td>
</tr>
<tr>
<td>Export grading plants</td>
<td>19</td>
<td>19</td>
<td>19</td>
<td>19</td>
</tr>
<tr>
<td>Primary Processors</td>
<td>300</td>
<td>301</td>
<td>271</td>
<td>251</td>
</tr>
<tr>
<td>Roasters</td>
<td>8</td>
<td>7</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>Total</td>
<td>369</td>
<td>366</td>
<td>324</td>
<td>304</td>
</tr>
</tbody>
</table>
2.4 Price Movements

2.4.1 Local prices

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

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

<table>
<thead>
<tr>
<th></th>
<th>Robusta</th>
<th>Arabica</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Kiboko</td>
<td>FAQ</td>
</tr>
<tr>
<td><strong>Oct - 2009</strong></td>
<td>1,050</td>
<td>2,225</td>
</tr>
<tr>
<td><strong>Nov</strong></td>
<td>1,000</td>
<td>2,000</td>
</tr>
<tr>
<td><strong>Dec</strong></td>
<td>850</td>
<td>1,850</td>
</tr>
<tr>
<td><strong>Jan - 2010</strong></td>
<td>1,150</td>
<td>2,200</td>
</tr>
<tr>
<td><strong>Feb</strong></td>
<td>1,150</td>
<td>2,200</td>
</tr>
<tr>
<td><strong>Mar</strong></td>
<td>1,100</td>
<td>2,100</td>
</tr>
<tr>
<td><strong>Apr</strong></td>
<td>950</td>
<td>2,100</td>
</tr>
<tr>
<td><strong>May - 2010</strong></td>
<td>1,200</td>
<td>2,450</td>
</tr>
<tr>
<td><strong>Jun</strong></td>
<td>1,400</td>
<td>2,800</td>
</tr>
<tr>
<td><strong>Jul</strong></td>
<td>1,500</td>
<td>2,900</td>
</tr>
<tr>
<td><strong>Aug</strong></td>
<td>1,500</td>
<td>3,000</td>
</tr>
<tr>
<td><strong>Sep - 2010</strong></td>
<td>1,300</td>
<td>2,800</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td>1,180</td>
<td>2,385</td>
</tr>
</tbody>
</table>

2.5 Promotion of Domestic Coffee Consumption

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

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

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

c) Training in good roasting and brewing practices;

d) Review of Product Standards at roaster level;

e) Brand development, and

f) Monitoring and evaluation – market research.

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

2.5.2 Creating awareness of the health benefits of drinking coffee

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

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

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

b) Training of Baristas

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

c) Participation in the Know Your Cup (KYC)

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

2.6 Inventory Study of Roasteries, cafés and Hotels

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

- **Roasters**
  - Active roasters were 8, down from 16 in 2004. The new ones since the earlier survey in 2004 were MTL Main Traders (Mbale), Good African Coffee (Kampala) and Salati Coffee (Bunga).
  - 5 roasters had automatic sealing machines with a component on labeling/branding.
  - The equipment in use by most roasters came from Denmark, Italy, Germany, Sweden, China and Malaysia.
  - 11 Uganda coffee brands were on the market, namely – Star Café (R & G and Instant), Elgon Pride, One Café, Salati, Zigoti
Coffee, Savannah, Masaba, Good African Coffee, Nguvu, 1000 Cups and Bancafe. The companies also sell roasted beans.

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

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

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

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

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

### 2.7 Closing Stocks

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

#### Table 2.11: Closing Stocks as on September 30, 2010

<table>
<thead>
<tr>
<th>Oct 2009-Sep 2010</th>
<th>Coffee Type – 60Kg Bags</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Robusta</td>
<td>Arabica</td>
</tr>
<tr>
<td>Opening Stock</td>
<td>399,923</td>
<td>76,110</td>
</tr>
<tr>
<td>Total Production</td>
<td>2,076,557</td>
<td>817,319</td>
</tr>
<tr>
<td>Availability</td>
<td>2,476,480</td>
<td>893,429</td>
</tr>
<tr>
<td>Domestic Coffee Consumption</td>
<td>147,900</td>
<td>40,800</td>
</tr>
<tr>
<td>Exports</td>
<td>1,957,400</td>
<td>711,571</td>
</tr>
<tr>
<td>Closing Stock</td>
<td>371,180</td>
<td>141,058</td>
</tr>
</tbody>
</table>

4 About the dynamics of the global coffee industry.
5 Ms. Clare Rwakotogoro, UCDA Assistant Quality Controller was the first runner-up.
2.8 Global Outlook

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

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

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

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

### QUALITY AND REGULATORY SERVICES

#### 3.1 Technical Extension Services

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

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

<table>
<thead>
<tr>
<th>Screens</th>
<th>2009/10</th>
<th>2008/09</th>
<th>%-age Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Screen 18</td>
<td>13.60%</td>
<td>15.2%</td>
<td>-1.60%</td>
</tr>
<tr>
<td>Screen 15</td>
<td>65.80%</td>
<td>58.8%</td>
<td>7.00%</td>
</tr>
<tr>
<td>Screen 12</td>
<td>18.70%</td>
<td>25.9%</td>
<td>-7.20%</td>
</tr>
<tr>
<td>&lt; Screen 12</td>
<td>1.90%</td>
<td>0.10%</td>
<td>1.80%</td>
</tr>
<tr>
<td>Total</td>
<td>100.00%</td>
<td>100.00%</td>
<td>-</td>
</tr>
</tbody>
</table>

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

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

- 2 units by Kawacom (U) Ltd, a 3.6 tonnes/hr in Cheema, Kapchorwa district and a 1.5 tonne/hr in Ishaka, which will later be upgraded to 10 tonnes; and

- 5 units by Kyagalanyi Coffee Ltd at Gibuzale - 2.5 tonnes/hr, Busono - 1.0 t/hr, Busulani - 4.0 t/hr, Manafwa - 2.5 t/hr and Kabeywa - 0.5 t/hr.

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

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

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

#### 3.2 Quality Assurance

3.2.1 Overall cup performance

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

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

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

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

In the case of Natural Robusta, however poor post harvest handling continues to pose a challenge due to high competition in the internal market, which prompts farmers to sell the crop ahead of the harvesting season.
Table 3.2 Comparative Percentage of Clean Cups: 2005/06 – 2009/10

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

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

3.2.3 Cup defects in Natural Robusta

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

---
\(^1\) This includes: Woody, bitter, harsh, grassy and musty
Table 3.3 Number & %-age of Cup Defects for Natural Robusta Sc 15

<table>
<thead>
<tr>
<th>Month</th>
<th>O/F*</th>
<th>Potato Taint**</th>
<th>Earthy Others</th>
<th>Cups</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>%-age</td>
<td>0.44</td>
<td>0.25</td>
<td>0.54</td>
<td>0.47</td>
<td>0.05</td>
</tr>
<tr>
<td>Total no. of cups</td>
<td>36</td>
<td>20</td>
<td>44</td>
<td>38</td>
<td>4</td>
</tr>
<tr>
<td>Oct</td>
<td>2</td>
<td>0</td>
<td>6</td>
<td>6</td>
<td>0</td>
</tr>
<tr>
<td>Nov</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>Dec</td>
<td>2</td>
<td>1</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Jan</td>
<td>4</td>
<td>3</td>
<td>3</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>Feb</td>
<td>3</td>
<td>2</td>
<td>5</td>
<td>3</td>
<td>-</td>
</tr>
<tr>
<td>Mar</td>
<td>5</td>
<td>4</td>
<td>2</td>
<td>6</td>
<td>-</td>
</tr>
<tr>
<td>Apr</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>3</td>
<td>-</td>
</tr>
<tr>
<td>May</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>Jun</td>
<td>3</td>
<td>0</td>
<td>6</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>Jul</td>
<td>4</td>
<td>2</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Aug</td>
<td>4</td>
<td>0</td>
<td>3</td>
<td>3</td>
<td>-</td>
</tr>
<tr>
<td>Sep</td>
<td>4</td>
<td>5</td>
<td>4</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

3.2.4 Physical analysis

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

Table 3.4 Number of coffee bags Rejected for reprocessing

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

3.3 Quality Evaluation of Coffee Samples from the Coffee Research Centre

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

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

- Of the Arabica catimors, moisture content averaged 12.06%, 123 samples (48%) had insect damaged beans; and 26% of the samples had bean density of above 6.5 gm/100 beans. The cup generally had high acidity, fairly good body and flavour. The results point to commercial viability in terms of weight and cup characteristics.

- PhD research samples (209) were generally good in appearance and had high screen retentions. The cup varied widely in test parameters such as fragrance, aroma, flavour, aftertaste and acidity largely due to differences in sample origins, age and genotypes. Other tests are yet to be carried out in terms of altitude, soil, etc.

3.4 Training Programmes

3.4.1 Basic Coffee Quality Control Training

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

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

3.4.2 Barista Training

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

3.4.3 Building capacity of Barista judges

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

3.5 Development of protocols for fine Robusta coffee

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

Uganda became the birthplace of Fine Robusta coffee protocols and was chosen as the centre of excellence for Robusta coffee. A training centre with a Specialty Coffee
Association of America (SCAA) certified laboratory is to be established to handle Robusta training programs. Also UCDA is to set up laboratories in the upcountry sites to facilitate analysis of coffee at farmer and primary processing levels. Possible sites were identified in Kasese, Bushenyi, Ibanda, Masaka and Mbale districts.

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

3.6 Review of the current export grading system

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

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

COFFEE DEVELOPMENT PROGRAMMES

4.0 INTRODUCTION

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

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

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

4.1 Promotion of planting material production

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

Key achievements under this programme included:

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

- 1344 Community based nurseries have been established to date, with a production capacity of 26 million seedlings. Some of these nurseries have however converted to private ownership. During the season, 32 million seedlings were generated through the CBNs and private nursery operators.

- Additional support was given to the former MAAIF mother gardens, now under private ownership, mainly to produce clonal plantlets, whilst preserving the clonal germplasm for further research development and breeding purposes. 7 former Nurseries were supported, and are now in producing at least 70,000 plantlets annually.

- Recognizant of the role played by private nursery operators in making available clean planting material, 8 Private clonal nurseries were supported, with MOU outlining collaborative working arrangement signed. In addition 4 of these nurseries have been chosen to pilot multiplication of the Coffee Wilt Resistant lines for eventual mass multiplication and distribution to farmers.

- Tissue Culture - with release of 7 new lines resistant to CWD, support was given to new technologies that shall ensure a rapid and efficient method of plantlet generation. In collaboration with COREC direct financial and material support was given to the tissue culture laboratory at Kawanda to speed up the generation of these lines for onward multiplication by private nurseries. Efforts were also made to encourage and interest the private sector in tissue culture technology

- Buginyanaya (Sironko District) and Zombo (Zombo District) Arabica seed gardens were supported and Rehabilitation of Nyamigogo (Kisoro District) started. This

4.2 Promotion of Coffee Replanting

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

- Seedlings raised under the demand driven Community based nursery initiative were planted by members of the nurseries and other interest farmers groups - 7.056 million Seedlings were planted.

- In addition, private nursery operators supplied 1.5 million seedlings for planting under various arrangements. NAADS, Local Governments, Non Governmental Organizations, Community based Organizations and Commercial entities were the major institutions that distributed
these seedlings to various beneficiaries.

- UCDA in special intervention sourced plantlets for various beneficiaries. This included organized farmer groups, women groups and Youth. Total of 6.35 million seedlings were planted under this initiative.

- Under the Public Private Partnership, Kaweri Farmer alliance was supported with 70,000 seedlings for the farmer groups. In addition the new project in Luweero was also given 60,000 plantlets.

4.3 Coffee Rehabilitation

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

- In recognition of the overgrown nature of the coffee and shade trees, and to speed up the process of stumping and pruning, use was made of the pruning kits at the regional offices, by providing fuel and mobilizing farmer groups to use them for pruning and stumping. 165 acres were voluntary stumped by farmers.

- To improve on the learning and adoption process by the farmers, 108 demonstration sites of one acre each set up in 108 sub counties in coffee growing districts. These demonstration plots are used in the ‘farmer field school’ extension initiative in which farmers are able to share experiences in the field and put in practices ideas seen as the ‘best practice’. More farmers are now adopting the practice of stumping and pruning their coffee, as a result of this initiative.

- Farmer competitions were held in 14 districts; Eastern 4; Northern 2; Central 6; Western 2. The Competitions are an e initiative to speed up and encourage farmers to rehabilitate their coffee. The competitions are based on adoption and implementation of Good Agricultural practices. The best 10 performing farmers per district were rewarded with various items (hand pulpers, tarpaulins, drying trays, solar panels).

- New activities developed to address the occurrence of landslides (Mt. Elgon, Ruwenzori). These include; Demonstrations on sustainable soil management practices; Establishment of tree nurseries; Sensitization and training for farmers and Focused distribution of coffee and tree seedlings to affected farmers.

4.4 Support to Coffee Development in Northern Uganda

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

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

A four year project is in the second year of implementation in the Mid Northern Uganda. The main objective of the intervention is;
• Support adoption of production of coffee as a perennial cash crop grown on commercial basis in the Mid-Northern Uganda districts of Amolatar, Amuru, Apac, Dokolo, Kitgum, Gulu, Lira, Oyam and Pader.

• Incorporate coffee/banana and cover crops farming in the existing farming system.

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

• 6 sensitization workshops and seminars held for local leadership and other stakeholders.

• Two groups of farmers (62 and 25) were taken on field tour South–Western Uganda (Masaka and Bushenyi). The objective was to create more effective awareness and knowledge in coffee value chain activities in the traditional coffee growing areas.

• 23 farmer group leaders were facilitated to participate in an Agricultural trade show in Gulu, whose theme was ‘Agricultural transformation for food security and income generation and improving access to Agro – inputs. The farmers were able to showcase the various coffee value chain activities to show goers.

• 22 radio sessions of 660 minutes were aired on radios in the region. The messages address all activities along the coffee value chain.

• 62 farmer groups and 1 association were formed. 9 – one day Workshops were organized to improve farmer group knowledge in managing groups and associations.

• 196 community based nurseries were formed, with capacity of 20,000 seedlings each. 21 nurseries have turned private. There has been an improvement of the seedlings’ survival rates from 60% to 80%. There is a high enthusiasm by farmers especially after the farmer tours to South-Western Uganda.

• 1.76 million seedlings were raised by the Community based nurseries. And 1 million were planted together with 0.1 million shade trees.

• 140,000 seedlings were directly procured by UCDA and distributed to various farmer groups. 10,480 seedlings were planted by Lututur Prison farm and farmers neighboring the prison farm.

• 4 coffee demonstrations plots were established in 4 schools in Aswa County as part of popularizing coffee in the area. All new coffee plantings are interplanted with bananas, cover crops and shade trees.

• 26 extension workers each per sub-county were trained on coffee development activities. 57 farmer training seminars were conducted attracting 1,328 participants. 17 farm field school sessions were carried out with 296 farmers. 119 farm visits carried out with 1,108 contacts established.

• 1 seed garden was supported, and in addition 7 private seed suppliers were supported with seed processing equipment. The objective is to create a sustainable source of elite seed for the region from within.

• 8 technology development sites were established to act as training and demonstration sites on new technologies. These sites are also used as multiplication fields for banana suckers distributed to farmers for intercropping with coffee. 3,240 banana suckers were distributed to farmers. This together with cover crops provides early incomes to coffee farmers besides catering for food security.

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

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

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

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

Rehabilitation by stumping and application of fertilizers improves yield

- 7 workshops/seminars carried out for farmer groups in Kisoro (organic), West Nile (organic and fair trade) Kasese (4C). The training was done in collaboration with sponsoring stakeholders (Kawacom, Urth Café, NIHACOFA, Bukhonzo Co-operative, USAID- LEAD Project, Good African Coffee and Bukhonzo Organics). The trainings covered production and certification systems for the various standards

- In an effort to create capacity for local Inspection, 27 participants selected from Tertiary institutions, Organizations involved Organic production systems, Certification bodies were trained on Inspection procedures under the NOP (USA). This was done in collaboration with resource persons from University of Florida

- 500 litres of locally formulated organic pesticide was used on trial with Organic farmers in Kisoro. The pesticide seems to be effective in pest infestation, leaf rust and coffee berry disease. More trials will be done in collaboration with research organizations

- A Memorandum of Understanding was developed with Heifer International in which farmers under heifer project would be given seedlings to plant and use the manure in the coffee fields; and coffee farmers within the project area would benefit from being given heifers. 130,000 coffee seedlings were distributed

- Several farmer Groups/organizations were linked to USAID- LEAD Project for possible support along the coffee value chain. Some of these organizations are; Kawacom, Good African Coffee, Ankole Processors, Bukhonzo Organics, Paidha Coffee Farmers, Kyagalanyi Coffee, UGACOF, MGOCA-Kisoro.

- Specific support was given to MOUNTAIN GORILLA ORGANIC COFFEE ESTATE ASSOCIATION (MGOCA) in Kisoro, in collaboration with USAID- LEAD Project and Urth Café (USA).
The objective is to improve the production and productivity of the farmer group to export Organic coffee to the US market. The specific support included; hand pulpers, spray pumps, bicycles, water tanks, solar panels, goats and furniture to set up an office for Coordination

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

4.6 Farmer Training and Extension Liaison

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

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

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

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

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

Table 4.1 Comparative Costs and Margins for Different Types of Coffee

<table>
<thead>
<tr>
<th>Activity</th>
<th>Man-days</th>
<th>Financial (Ush). Rate/unit measure</th>
<th>Financial (Ush.)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. Old Robusta coffee</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Maintenance cost: (weeding, pruning, de-suckering, manure application, harvesting etc.)</td>
<td>90 man-day</td>
<td>3,000/man-day</td>
<td>270,000</td>
</tr>
<tr>
<td>2. Input costs:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Fertilizer</td>
<td>2 bags</td>
<td>90,000/bag</td>
<td>180,000</td>
</tr>
<tr>
<td>- Herbicide</td>
<td>2 litres</td>
<td>15,000/litre</td>
<td>30,000</td>
</tr>
<tr>
<td>- Manure/mulch</td>
<td>5 MT</td>
<td>20,000/MT</td>
<td>100,000</td>
</tr>
<tr>
<td>3. Equipment costs:</td>
<td></td>
<td></td>
<td>120,000</td>
</tr>
<tr>
<td>(Depreciation)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Harvesting</td>
<td>60 man-days</td>
<td>3000/man-day</td>
<td>180,000</td>
</tr>
<tr>
<td>5. Drying</td>
<td>20 man-days</td>
<td>3000/man-day</td>
<td>60,000</td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td></td>
<td></td>
<td>940,000</td>
</tr>
<tr>
<td>6. Contingency costs (5%)</td>
<td></td>
<td></td>
<td>47,000</td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td></td>
<td></td>
<td>987,000</td>
</tr>
<tr>
<td>Yield/ha/year (medium-input)</td>
<td>Kg</td>
<td>1400 kg/ha</td>
<td></td>
</tr>
<tr>
<td>- Cost of producing 1kg of dry cherries/Kiboko</td>
<td></td>
<td></td>
<td>705</td>
</tr>
<tr>
<td>- Average farm gate price/kg</td>
<td></td>
<td></td>
<td>1,179</td>
</tr>
<tr>
<td>- Grower’s margin for old Robusta coffee/Kg of dry cherries</td>
<td></td>
<td></td>
<td>474</td>
</tr>
<tr>
<td>- Gross income/ha/year</td>
<td></td>
<td></td>
<td>1,650,600</td>
</tr>
<tr>
<td>- Net income/ha/year</td>
<td></td>
<td></td>
<td>663,000</td>
</tr>
</tbody>
</table>

**B. Clonal Robusta Coffee**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Man-days</th>
<th>Financial (Ush). Rate/unit measure</th>
<th>Financial (Ush.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Maintenance cost: (weeding, pruning, de-suckering, manure application, harvesting etc.)</td>
<td>240 man-days</td>
<td>3,000/man-day</td>
<td>720,000</td>
</tr>
<tr>
<td>2. Input costs:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Fertilizer</td>
<td>4 bags</td>
<td>90,000/bag</td>
<td>360,000</td>
</tr>
<tr>
<td>- Herbicide</td>
<td>4 litres</td>
<td>15,000/litre</td>
<td>60,000</td>
</tr>
<tr>
<td>- Manure/mulch</td>
<td>10 MT</td>
<td>20,000/MT</td>
<td>200,000</td>
</tr>
<tr>
<td>3. Equipment costs:</td>
<td></td>
<td></td>
<td>180,000</td>
</tr>
<tr>
<td>4. Harvesting</td>
<td>144 man-days</td>
<td>3000/man-day</td>
<td>432,000</td>
</tr>
<tr>
<td>5. Drying</td>
<td>60 man-days</td>
<td>3000/man-day</td>
<td>180,000</td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td></td>
<td></td>
<td>2,132,000</td>
</tr>
<tr>
<td>6. Contingency cost (5%)</td>
<td></td>
<td></td>
<td>112,600</td>
</tr>
<tr>
<td><strong>Total costs</strong></td>
<td></td>
<td></td>
<td>2,244,600</td>
</tr>
<tr>
<td>Yield/ha/year</td>
<td>Kg</td>
<td>4,800 Kg/ha</td>
<td></td>
</tr>
</tbody>
</table>
- **Cost of producing 1 kilo of dry cherries**: 468
- **Average farm gate price/kg**: 1,179/Kg
- **Grower’s margin for**: 711
- **Gross income/ha/year**: 5,659,200
- **Net income/ha/year**: 3,412,800

**B. Arabica coffee**

1. **Maintenance cost**: (weeding, pruning, de-suckering, manure application, harvesting etc.)
   - 220 man-days
   - 3,000/man-day
   - **660,000**

2. **Equipment (Depreciation cost)**
   - **200,000**

3. **Input costs**:
   - **Fertilizer**: 2 Bags fertilisé, 90,000/bag, 180,000
   - **Herbicide**: 2 litres herbicide, 15,000/litre, 30,000
   - **Pesticide**: 2 Litres pesticide, 15,000/litre, 30,000
   - **Fungicide**: 10 Kilos fungicide, 5,000/kilo, 50,000
   - **Manure/mulch**: 5 MT, 20,000/MT, 100,000
   - **390,000**

4. **Harvesting**
   - 80 man-days
   - 3,000/man-day
   - **240,000**

5. **Pulping and Fermentation**
   - 80 man-days
   - 3,000/man-day
   - **240,000**

6. **Drying**
   - 20 man-days
   - 3,000/man-day
   - **60,000**

**Sub-total**: 1,790,000

**Contingency (5%)**: 89,500

**Sub-total**: 1,879,500

**Yield/ha/year**: Kg 1200

**Total cost/kg of parchment**: 1,566

**Average farm gate price/kg of parchment**: 3,721/Kg

**Arabica coffee grower’s margin/kg of parchment**: 2,155

**Gross income/ha/year**: 4,465,200

**Net income/ha/year**: 2,586,000

*Source: UCDA: Field Data, 2009/10.*

**Notes**: Compared to the previous year,

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

COFFEE RESEARCH

5.0 Introduction

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

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

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

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

Another 8,361 plantlets, which are in humidity chambers and 7,908, which are planted in polypots will be ready for distribution in the first rains of 2011. This is in addition to the 362 plants already hardened for field planting. The explants at RITA stage will generate plants for second rains of 2011.
It should be noted here that the big success at Petri-dish and test tube stages is lost at RITA stage. This is because the laboratory has only 500 functional RITAs, which are only 25% of the laboratory’s potential. This is very far above the normally expected mortality of 20%. Similarly only a small proportion of plants raised in the laboratory survive at the ex-laboratory phase, (plastic cubes, poly pots) because of poor infrastructure for weaning the delicate plants (lack of humidity chambers and untimely availability of inputs for weaning media.

5.1.1 The major successes in the tissue culture process include:

- Development of a laboratory propagation protocol for Kituza R6 variety, which was not responding properly to protocols being used for the other varieties. We have obtained good response of the KR6 variety through manipulation of different propagation media.
- Embryo development in liquid medium.

We are able to produce embryos in liquid medium using callus tissues developed on the explants. This has resulted in uniform embryo development in the bioreactor (RITAs).

- Reduction of contamination from 50% to 30%. There was a lot of contamination from saprophytes mainly fungus and bacteria but this has been reduced through good laboratory practices.
- Ex-vitro weaning protocols have been developed which mainly focus on the optimum conditions required by the plantlet for example, good medium, temperature, humidity, plantlet stage, etc.
- Acquisition of weaning shelves which handle plants at raised surface thus preventing contact with bare soil, which is a source of contamination.
- Increase in the number of mother bushes / stock plants. Previously, stock plants were a limiting factor in the process but
this has been solved through addition of more stock plants where explants can be obtained. The number has been increased to 10 plants per variety.

- A few humidity chambers for weaning plantlets have been created, which has drastically reduced rate of mortality at weaning stage.

- The weaning shade was renovated to prevent rainwater runoff from contaminating the weaned plantlets in pots, which caused their deaths and a new shade net was acquired.

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

- Limited glassware and RITA spare parts like air vents and mesh filters. This has been the major challenge to this process. A lot of plant materials at different stages have been lost through death due to lack of glass ware and RITA spares.

- Slow response of varieties Kituza R4 and Kituza R5 in terms of embryo and callus formation. Our staffs are still working around the clock to have working protocols for these varieties.

- Contamination of cultures. Despite the fact that contamination has reduced from 50% to 30%, this still has a significant impact on the laboratory output. Most of the contamination is obtained at the RITA stage probably due to over use of the already old RITA spare parts. These RITA and spare parts are supposed to be autoclaved for a certain number of times beyond which they become ineffective.

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

During the reporting period, the following activities were carried out towards multiplication of the 7 elite CWD resistant Robusta coffee varieties using rooting cuttings at Kituza. The planting materials generated by rooted cuttings were meant to supplement what was generated by tissue culture at Kawanda. 349 rooted cuttings were raised during the period as indicated in table 5.2. These, together with cuttings raised in the previous period, were given out to nursery operators.
Table 5.2: Achievement in multiplication 7 CWD resistant Robusta coffee varieties using rooted cuttings in 2009/2010

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Kituza R1</td>
<td>264</td>
<td>76</td>
<td>102</td>
<td>4</td>
<td>30</td>
<td>20</td>
<td>18</td>
<td>20</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Kituza R2</td>
<td>179</td>
<td>15</td>
<td>62</td>
<td>4</td>
<td>20</td>
<td>0</td>
<td>28</td>
<td>0</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Kituza R3</td>
<td>225</td>
<td>83</td>
<td>442</td>
<td>2</td>
<td>30</td>
<td>70</td>
<td>70</td>
<td>80</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Kituza R4</td>
<td>74</td>
<td>8</td>
<td>12</td>
<td>0</td>
<td>12</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Kituza R5</td>
<td>328</td>
<td>75</td>
<td>60</td>
<td>9</td>
<td>30</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Kituza R6</td>
<td>264</td>
<td>21</td>
<td>163</td>
<td>3</td>
<td>30</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Kituza R7</td>
<td>93</td>
<td>32</td>
<td>102</td>
<td>18</td>
<td>30</td>
<td>15</td>
<td>15</td>
<td>19</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1951</td>
<td>349</td>
<td>948</td>
<td>40</td>
<td>182</td>
<td>152</td>
<td>150</td>
<td>194</td>
<td>50</td>
<td></td>
</tr>
</tbody>
</table>

Likely recovery 60-70%

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

5.2.1 Challenges faced in propagation using rooted cuttings

Major constraints for this operation include:

- Young and yet insufficient number of mother bushes, especially for varieties Kituza R1, Kituza R4 and Kituza R5. Gap filling will continue in the next rainy season to ensure that the required number of plants (96 plants per variety) in this mother garden is attained

- We are relying on rain for watering the plants in mother gardens. However with changes in climate, Kituza has of recent experienced prolonged dry periods. This has resulted in stagnated or no growth of suckers during certain times of the year. There is need to consider installing an artificial irrigation facility for the mother garden.

- Varieties Kituza R4 and Kituza R5 respond very poorly to rooting under cages and even when exposed for hardening.

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

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

- Insufficient planting materials: The plants generated were too few to satisfy the selected nurseries, leave alone the many other operators who demanded for planting materials to start mother gardens and nurseries. Because of the poor propagation ability of varieties Kituza R4 and Kituza R5, some nurseries were not given plants or got too few plants.

- Lack of training: The selected nursery operators need training to put them at par among themselves and to the level expected of them.

- Poor infrastructure: Most nursery operators have dilapidated nursery shades, which are in dire need for rehabilitation for good production.

- No memorandum of understanding (MoU) between the selected nursery operators and NARO/UCDA.

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

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

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

5.4.1 Surveillance and management of insect pests

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

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

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

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

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

5.4.2 Achievements:

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

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

- The trials in Mityana and Ibanda had a range of other damaging pests, most notable were root mealy bugs, canopy mealy bugs, leaf miners, leaf skeletonisers, scales and foliage eating beetles

5.4.3 Tentative Recommendation

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

5.4.4 Challenges

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

5.4.5 Surveillance and management of disease

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

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

5.5 Variety characterization

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

5.6 Scaling up of CWD resistant varieties

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

<table>
<thead>
<tr>
<th>Varieties</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
<th>11</th>
</tr>
</thead>
<tbody>
<tr>
<td>General appearance</td>
<td>= or &gt; 3</td>
<td>3.0</td>
<td>3.1</td>
<td>3.8</td>
<td>3.1</td>
<td>3.4</td>
<td>3.0</td>
<td>3.0</td>
<td>3.3</td>
<td>3.3</td>
<td>3.0</td>
</tr>
<tr>
<td>Yield potential</td>
<td>= or &gt; 3</td>
<td>2.9</td>
<td>3.0</td>
<td>3.8</td>
<td>3.0</td>
<td>3.1</td>
<td>3.0</td>
<td>2.9</td>
<td>2.6</td>
<td>3.0</td>
<td>2.9</td>
</tr>
<tr>
<td>Cherry size</td>
<td>= or &gt; 2</td>
<td>2.6</td>
<td>2.9</td>
<td>2.8</td>
<td>2.3</td>
<td>2.9</td>
<td>2.3</td>
<td>2.3</td>
<td>2.1</td>
<td>2.7</td>
<td>2.6</td>
</tr>
<tr>
<td>Suckering ability</td>
<td>= or &gt; 2</td>
<td>1.8</td>
<td>2.3</td>
<td>2.7</td>
<td>2.2</td>
<td>2.4</td>
<td>2.1</td>
<td>2.4</td>
<td>2.6</td>
<td>2.0</td>
<td>2.7</td>
</tr>
<tr>
<td>Red blister</td>
<td>= or &lt; 2</td>
<td>1.9</td>
<td>2.1</td>
<td>2.2</td>
<td>1.4</td>
<td>1.6</td>
<td>1.9</td>
<td>1.1</td>
<td>1.4</td>
<td>1.1</td>
<td>1.4</td>
</tr>
<tr>
<td>Leaf rust</td>
<td>= or &lt; 2</td>
<td>1.5</td>
<td>1.5</td>
<td>1.5</td>
<td>1.5</td>
<td>1.3</td>
<td>1.1</td>
<td>1.3</td>
<td>1.1</td>
<td>1.1</td>
<td>1.9</td>
</tr>
<tr>
<td>% moisture</td>
<td>11-13%</td>
<td>14.3</td>
<td>13.2</td>
<td>12.0</td>
<td>13.5</td>
<td>15.8</td>
<td>12.6</td>
<td>14.7</td>
<td>13.1</td>
<td>14.2</td>
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<tr>
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<td>4.9</td>
<td>4.6</td>
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<td>4.7</td>
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<tr>
<td>Body</td>
<td>= or &gt; 5</td>
<td>6.5</td>
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<td>6.0</td>
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<td>Dull</td>
<td>Dull</td>
<td>Dull</td>
<td>Dull</td>
<td>Dull</td>
<td>Dull</td>
<td>Ordinary</td>
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<td>Dull</td>
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<td>After taste</td>
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<td>2</td>
<td>3</td>
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<td>2.5</td>
<td>1</td>
<td>1</td>
<td>2.5</td>
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</table>

Note: E.U = Every Unit

UCDA ANNUAL REPORT: 2009/10
5.7 Developing ICM packages for controlling other major insect pests of Robusta coffee

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

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

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

ii) Develop procedures for mass rearing of the parasitoids and entomopathogens of the coffee berry borer;

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

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

5.7.2 Management of Black Twig Borer through Ambrosia fungus

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

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

Under this strategy, the following were done:

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

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

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

5.7.3 Achievement

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

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

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

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

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

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

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

- Derive a pest profile for Arabica coffee in the Mt. Elgon zone;
- Determine economic threshold injury levels for key insect pests;
- Test selected IPM options for control root mealy bugs;
- Test IPM options for control of stem borers.

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

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

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

5.10 Establishment, characterization, utilization and maintenance of germplasm

- Continued to maintain germplasm fields at Kawanda, Kikuza and Bugusege;
- Raised 5,153 rooted cuttings of 120 Robusta coffee genotypes from the
germplasm collections at Kawanda for replanting in Kituza and Bulegeni. This is replication in location will void loss of the germplasm due to CWD, which is prevalent in central region and by destructive human activities at Kawanda, which are arising from urbanization.

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

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

Table 6.1: Distribution of Staff per Department

<table>
<thead>
<tr>
<th>DEPARTMENT</th>
<th>Professional/Technical Staff</th>
<th>Support Staff</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office of Managing Director</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Finance &amp; Administration</td>
<td>7</td>
<td>4</td>
<td>11</td>
</tr>
<tr>
<td>Quality, Regulatory &amp; Information Services</td>
<td>16</td>
<td>-</td>
<td>16</td>
</tr>
<tr>
<td>Development</td>
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<td>-</td>
<td>25</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>52</strong></td>
<td><strong>4</strong></td>
<td><strong>56</strong></td>
</tr>
</tbody>
</table>

6.1.1 PERFORMANCE APPRAISALS

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

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

6.1.2 STAFF TRAINING & WORKSHOPS

The following benefited from staff training and workshops:

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

6.3 INTERNATIONAL MEETINGS/CONFERENCES

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

- Participated in the 49th IACO Annual General Meeting in Abidjan, Cote d’Ivoire
- Attended the World Coffee Conference in February 2010 and ICO meeting in May and September and Uganda ratified the 2007 International Coffee Agreement (ICA 2007)
- Participated in the Canton Guangzhou City trade show and Shangai Expo in China in 2010
- Participated in the World Travel Market exhibition in London in November 2009
- Participated in the 7th African EAFCA exhibition in Mombasa, Kenya
- Participated in the SCAE and World Barista Championship where Uganda emerged 47th out of 53 in the World Barista Championship
- Participated in the UNAA Conference and Uganda/US Trade Investment Forum in Washington D.C in September 2009
- In all the above exhibitions, Uganda Coffee was showcased to Ugandans in the Diaspora and other consumers

**6.4 MANAGEMENT OF ASSETS**

- The UCDA procurement and disposal process was audited by the Public Procurement and Disposal of Public Assets Authority (PPDA) and UCDA was ranked 6th out of 72 government institutions reflecting good practices.
- On management of UCDA assets, repair works was done on all UCDA buildings and the access road to Bugolobi premises was tarmacked. The properties are now in tenable conditions.
- The entire fleet of vehicles: 7 cars and 19 motorcycles were regularly serviced and repaired. Two vehicles: UAF 660K and UAA 295 E are due for replacement.

**6.5 CORPORATE SOCIAL RESPONSIBILITY**

UCDA continued to participate in various activities towards Social Corporate Responsibility (CSR). These included among others the following:
- Shs 25M contributed for the Bududa crisis by UCDA & staff.
- Contributions made to Gulu Archdiocese, All Saints Cathedral, Kampala and St. Andrew’s Church, Bukoto.
- Participated in various Corporate League functions.

**6.6 FIELD VISITS UNDER MONITORING AND EVALUATION**

- Routine monitoring and evaluation was undertaken and monitoring reports written
- A field visit to Wakiso, Mpiji, Mityana and Mubende districts was undertaken by the UCDA Board, noted critical success factors such as limited supply of planting material, rehabilitation of old coffee shambas and quality improvements after which a number of recommendations were made to improve coffee productivity and production
- The Audit Committee of the UCDA Board visited the JVCs in Egypt and China in April/May 2010 and recommended that the private sector should have greater participation in the JVCs and proposed that UCDA engages the private sector and signs MOUs with them in this regard.
- The Board members of UGEMCO attended the annual general meeting and shareholders meeting in June 2010.
- Uganda was appointed as Chairperson of the UGEMCO Board of Directors.
STATISTICAL ABSTRACTS
# Appendix 1: Coffee Procurement Figures in 60-Kilogramme Bags

<table>
<thead>
<tr>
<th>Month</th>
<th>2009 Actual</th>
<th>2010 Actual</th>
<th>2011 Projections</th>
</tr>
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<td></td>
<td>Robusta</td>
<td>Arabica</td>
<td>Total</td>
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<td></td>
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<td></td>
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<tr>
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<td>62,001</td>
<td>343,600</td>
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<td>272,146</td>
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<td>Mar</td>
<td>202,168</td>
<td>63,532</td>
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<td>Apr</td>
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<td>257,228</td>
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<td>214,126</td>
<td>72,016</td>
<td>286,142</td>
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<td>Jun</td>
<td>225,013</td>
<td>51,023</td>
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<tr>
<td>Jul</td>
<td>210,156</td>
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<td>Aug</td>
<td>190,225</td>
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<td>Sep</td>
<td>175,001</td>
<td>50,135</td>
<td>225,136</td>
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<td>Oct</td>
<td>165,911</td>
<td>60,500</td>
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<td>Nov</td>
<td>206,504</td>
<td>50,201</td>
<td>256,705</td>
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<td>Dec</td>
<td>225,637</td>
<td>65,123</td>
<td>290,760</td>
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<td>Total</td>
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<td>703,883</td>
<td>3,267,582</td>
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</table>

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

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<tr>
<th>Name</th>
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<th>Nov</th>
<th>Dec</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Total</th>
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<td><strong>Grand Total</strong></td>
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<td>272,755</td>
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<td>266,215</td>
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<td>39,990</td>
<td>34,379</td>
<td>10,590</td>
<td>14,526</td>
<td>201,158</td>
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<td>15,620</td>
<td>10,590</td>
<td>14,526</td>
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<td>10,590</td>
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<td>10,590</td>
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| TOTAL | 3,053,688 | 291,761,739 | 3,210,603 | 338,398,200 | 2,704,236 | 256,580,844 | 2,002,324 | 170,343,587 |

Note: The table shows the coffee exports by volume and value from 2005/06 to 2009/10, categorized by grade (Robusta and Arabica) and by month.
## Appendix IV: Monthly Coffee Exports by Type and Grade – in 60-kilo Bags and

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

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

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

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<th>Company Name</th>
<th>2009/10</th>
<th>2008/09</th>
<th>2007/08</th>
<th>2006/07</th>
<th>2005/06</th>
<th>Average</th>
<th>% Mkt Share</th>
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<td>Grand Total</td>
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<td>3,053,688</td>
<td>3,210,603</td>
<td>2,704,236</td>
<td>2,002,324</td>
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<td>384,978</td>
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<td>358,553</td>
<td>296,575</td>
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<td>33,936</td>
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<td>237,089</td>
<td>225,234</td>
<td>197,337</td>
<td>226,434</td>
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<td>189,167</td>
<td>111,224</td>
<td>191,747</td>
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<td>74,870</td>
<td>22,717</td>
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## APPENDIX VIII: 24-YEAR EXPORT PERFORMANCE SERIES BY TYPE & UNIT PRICE - $/KILO

- in 60 Kilo Bags -

### Coffee Year | Robusta Qty | Value $ | Arabica Qty | Value $ | Total Qty | Value $ | Unit Price in US $ /Kilo
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<td>21,061,646</td>
<td>3,114,396</td>
<td>294,867,881</td>
<td>1.55</td>
</tr>
<tr>
<td>1989/90</td>
<td>2,228,293</td>
<td>125,970,229</td>
<td>136,458</td>
<td>13,615,502</td>
<td>2,364,751</td>
<td>139,585,731</td>
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<tr>
<td>1990/91</td>
<td>1,924,319</td>
<td>105,733,784</td>
<td>160,948</td>
<td>15,647,712</td>
<td>2,085,267</td>
<td>121,381,496</td>
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<tr>
<td>1991/92</td>
<td>1,884,183</td>
<td>91,742,542</td>
<td>169,034</td>
<td>12,813,502</td>
<td>2,053,217</td>
<td>104,585,731</td>
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<td>1992/93</td>
<td>1,841,510</td>
<td>90,576,148</td>
<td>247,132</td>
<td>18,117,843</td>
<td>2,088,642</td>
<td>108,731,991</td>
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<td>1993/94</td>
<td>2,471,960</td>
<td>192,307,120</td>
<td>533,245</td>
<td>81,351,730</td>
<td>3,005,205</td>
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<tr>
<td>1994/95</td>
<td>2,284,109</td>
<td>338,762,354</td>
<td>507,644</td>
<td>93,731,757</td>
<td>2,791,753</td>
<td>432,494,111</td>
<td>2.47</td>
</tr>
<tr>
<td>1996/97</td>
<td>3,789,013</td>
<td>288,858,906</td>
<td>448,101</td>
<td>66,267,735</td>
<td>4,237,114</td>
<td>355,126,641</td>
<td>1.27</td>
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<tr>
<td>1997/98</td>
<td>2,691,278</td>
<td>227,361,611</td>
<td>341,060</td>
<td>49,112,624</td>
<td>3,032,338</td>
<td>276,474,235</td>
<td>1.41</td>
</tr>
<tr>
<td>1999/00</td>
<td>2,390,682</td>
<td>121,850,127</td>
<td>526,575</td>
<td>42,899,788</td>
<td>2,917,257</td>
<td>164,749,915</td>
<td>0.85</td>
</tr>
<tr>
<td>2000/01</td>
<td>2,417,777</td>
<td>79,703,961</td>
<td>456,996</td>
<td>25,072,463</td>
<td>3,074,773</td>
<td>104,776,424</td>
<td>0.51</td>
</tr>
<tr>
<td>2001/02</td>
<td>2,715,955</td>
<td>64,496,820</td>
<td>430,426</td>
<td>19,440,133</td>
<td>3,146,381</td>
<td>83,936,953</td>
<td>0.40</td>
</tr>
<tr>
<td>2002/03</td>
<td>2,221,440</td>
<td>81,843,934</td>
<td>442,448</td>
<td>22,943,160</td>
<td>2,663,888</td>
<td>104,787,094</td>
<td>0.61</td>
</tr>
<tr>
<td>2003/04</td>
<td>1,979,353</td>
<td>82,611,561</td>
<td>543,689</td>
<td>33,093,283</td>
<td>2,523,042</td>
<td>115,704,844</td>
<td>0.70</td>
</tr>
<tr>
<td>2004/05</td>
<td>1,986,890</td>
<td>105,833,286</td>
<td>518,000</td>
<td>56,262,950</td>
<td>2,504,890</td>
<td>162,096,236</td>
<td>0.89</td>
</tr>
<tr>
<td>2005/06</td>
<td>1,408,314</td>
<td>103,873,269</td>
<td>594,010</td>
<td>66,470,317</td>
<td>2,002,324</td>
<td>170,343,586</td>
<td>1.23</td>
</tr>
<tr>
<td>2006/07</td>
<td>2,144,482</td>
<td>192,779,546</td>
<td>559,754</td>
<td>63,801,298</td>
<td>2,704,236</td>
<td>256,580,844</td>
<td>1.50</td>
</tr>
<tr>
<td>2007/08</td>
<td>2,713,498</td>
<td>310,060,409</td>
<td>497,105</td>
<td>72,337,793</td>
<td>3,210,603</td>
<td>388,398,202</td>
<td>1.94</td>
</tr>
<tr>
<td>2008/09</td>
<td>2,403,137</td>
<td>212,848,980</td>
<td>648,551</td>
<td>78,912,759</td>
<td>3,053,688</td>
<td>291,761,739</td>
<td>1.47</td>
</tr>
<tr>
<td>2009/10</td>
<td>1,957,400</td>
<td>163,484,690</td>
<td>711,571</td>
<td>103,230,931</td>
<td>2,668,971</td>
<td>266,715,621</td>
<td>1.39</td>
</tr>
<tr>
<td><strong>AVERAGE</strong></td>
<td><strong>2,409,704</strong></td>
<td><strong>181,604,520</strong></td>
<td><strong>408,550</strong></td>
<td><strong>45,913,662</strong></td>
<td><strong>2,818,253</strong></td>
<td><strong>227,518,182</strong></td>
<td></td>
</tr>
</tbody>
</table>
FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2010 TOGETHER WITH THE REPORT AND OPINION THEREON BY THE AUDITOR GENERAL

AUDITED ACCOUNTS 2009/10

<table>
<thead>
<tr>
<th>SUMMARY</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auditor General’s Report</td>
<td>55</td>
</tr>
<tr>
<td>Statement of Directors’ Responsibility</td>
<td>57</td>
</tr>
<tr>
<td>Consolidated Statement of Financial Position</td>
<td>58</td>
</tr>
<tr>
<td>Consolidated Statement of Financial Performance</td>
<td>59</td>
</tr>
<tr>
<td>Consolidated Statement of Cash Flows</td>
<td>60</td>
</tr>
<tr>
<td>Consolidated Statement of Changes in Equity</td>
<td>61</td>
</tr>
</tbody>
</table>
REPORT OF THE AUDITOR GENERAL TO PARLIAMENT
UGANDA COFFEE DEVELOPMENT AUTHORITY FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER 2010

Under section 16(2) of the Uganda coffee development authority (UCDA) Act (Cap 325) and the National Audit Act 2008, I am required to audit the accounts of Uganda Coffee Development Authority and report to Parliament in accordance with Article 163(4) of the Constitution of the Republic of Uganda.

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

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

Auditor’s Responsibility
The responsibility of the Auditor is to express an independent opinion on the financial statements based on the audit. The audit was conducted in accordance with International Standards on auditing. Those standards require that ethical requirements are compiled with, and the audit is planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity’s internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my unqualified audit opinion.

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

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


**Investments in Wet Coffee Processing Machines**

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

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

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

**Report on the other legal Requirements**

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

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

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

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

John F.S. Muwanga

**AUDITOR GENERAL**

**KAMPALA**

28th September 2011
The Uganda Coffee Development Authority Act requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Authority as at the end of the financial year and its surplus or deficit. It also requires that the Authority keep proper accounting records that disclose with reasonable accuracy, the financial position of the Authority. They are responsible for safeguarding the assets of the Authority.

The Directors accept responsibility for the annual financial statements set out on pages 1 to 9, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the requirements of the Uganda Companies Act. The Directors are of the opinion that the financial statements give a true and fair view of the financial affairs of the Authority and of its surplus or deficit for the year. The Directors accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements as well as adequate systems of internal control.

Nothing has come to the attention of the Directors to indicate that the Authority will not remain a going concern for at least the twelve months from the date of this statement.

Eng. Fabian Tibeita
Chairman – Board of Directors

Henry A. Ngabirano
Managing Director
# Uganda Coffee Development Authority

## Consolidated Statement of Financial Position

For the Period Ending 30 September 2010

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Assets (Net)</td>
<td>2</td>
<td>782,955,592</td>
</tr>
</tbody>
</table>

### Investments

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment in Joint ventures</td>
<td>9</td>
<td>226,156,536</td>
</tr>
<tr>
<td>Other investments</td>
<td>10</td>
<td>407,532,905</td>
</tr>
</tbody>
</table>

### Current Assets

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term Fixed Deposit</td>
<td>3</td>
<td>1,319,210,213</td>
</tr>
<tr>
<td>Cash at Bank</td>
<td>4(a)</td>
<td>242,473,449</td>
</tr>
<tr>
<td>Cash at Hand</td>
<td>4(b)</td>
<td>117,400</td>
</tr>
<tr>
<td>Debtors</td>
<td>5</td>
<td>686,321,490</td>
</tr>
<tr>
<td>Prepayments</td>
<td>6</td>
<td>67,884,931</td>
</tr>
</tbody>
</table>

**Total Current Assets**: 2,316,007,483

**Total Liabilities**: 2,423,719,232

### Less Liabilities

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Creditors: Amounts falling due within one year</td>
<td>7</td>
<td>644,248,605</td>
</tr>
</tbody>
</table>

**Net Current Assets**: 671,758,878

**Net Assets**: 7,088,403,912

### Funded By

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Funds of the Authority</td>
<td>2,216,750,000</td>
<td>2,216,750,000</td>
</tr>
<tr>
<td>Net Surplus</td>
<td>843,135,257</td>
<td>1,646,769,710</td>
</tr>
<tr>
<td>C.F.C Counter Funding</td>
<td>266,315,261</td>
<td>266,315,261</td>
</tr>
<tr>
<td>Capital Reserves</td>
<td>503,532,492</td>
<td>503,532,492</td>
</tr>
<tr>
<td>Asac Funding</td>
<td>746,529,785</td>
<td>746,529,785</td>
</tr>
<tr>
<td>Stabex Funding</td>
<td>847,800,000</td>
<td>847,800,000</td>
</tr>
<tr>
<td>UCDA Coffee Seedlings</td>
<td>1,664,341,117</td>
<td>1,664,341,117</td>
</tr>
</tbody>
</table>

**Total Funded By**: 7,088,403,912

---

**Henry A. Ngabirano**  
Managing Director

**Fred Luzinda-Mukasa**  
Board Secretary/Head of Finance
UCDA ANNUAL REPORT: 2009/10

UGANDA COFFEE DEVELOPMENT AUTHORITY
CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
FOR PERIOD ENDING 30 SEPTEMBER 2010

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UCDA Revenue and share of Joint Venture</td>
<td>7,173,296,312</td>
<td>7,394,864,863</td>
</tr>
<tr>
<td>Less: Share of Joint Venture Turnover</td>
<td>150,478,947</td>
<td>103,057,922</td>
</tr>
<tr>
<td><strong>Total Operating Revenue</strong></td>
<td>7,032,418,458</td>
<td>7,291,806,941</td>
</tr>
</tbody>
</table>

| **OPERATING EXPENSES** | | |
| Staff Costs | 2 | 2,388,537,521 | 2,155,914,958 |
| Administrative Expenses | 3 | 1,073,177,991 | 920,863,277 |
| Programme Expenses | 4 | 3,493,120,667 | 3,506,172,008 |
| Support to Coffee Organisations | 5 | 109,572,000 | 108,529,901 |
| International Obligations | 6 | 421,199,000 | 389,189,324 |
| Depreciation/ Provisions | 7 | 252,746,443 | 260,486,466 |
| **Total Operating Expenses** | 7,738,353,622 | 7,341,155,934 |

| **UCDA Operating Surplus/ (Deficit)** | (705,935,164) | (49,348,993) |
| Loss on disposal of fixed assets | - | (18,124,049) |
| Share of joint Venture loss in China | (88,491,799) | (64,752,685) |
| Share of joint Venture loss in Egypt | (41,145,618) | (3,130,620) |
| Share of joint Venture loss in Denmark | (20,841,530) | (35,174,618) |
| **Net Surplus/ (deficit)** | (856,414,111) | (170,530,964) |
### UGANDA COFFEE DEVELOPMENT AUTHORITY

**CONSOLIDATED STATEMENT OF CASHFLOWS**

**FOR PERIOD ENDING 30 SEPTEMBER 2010**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Operating Surplus</strong></td>
<td><em>(856,414,111)</em></td>
<td><em>(170,530,964)</em></td>
</tr>
<tr>
<td><strong>Depreciation</strong></td>
<td>223,655,095</td>
<td>230,031,871</td>
</tr>
<tr>
<td><strong>Loss on disposal of fixed assets</strong></td>
<td>-</td>
<td>18,124,049</td>
</tr>
<tr>
<td><strong>Provision for bad &amp; Doubtful debts</strong></td>
<td>29,091,348</td>
<td>30,454,594</td>
</tr>
<tr>
<td><strong>Prior year adjustments</strong></td>
<td>52,779,658</td>
<td>877,169,568</td>
</tr>
<tr>
<td><strong>increase in Debtors &amp; prepayments</strong></td>
<td>63,693,898</td>
<td>249,190,427</td>
</tr>
<tr>
<td><strong>Decrease in Liabilities</strong></td>
<td>524,395,761</td>
<td><em>(1,511,116,934)</em></td>
</tr>
<tr>
<td><strong>Net cash flows from operating activities</strong></td>
<td><em>37,201,649</em></td>
<td><em>(276,677,389)</em></td>
</tr>
</tbody>
</table>

### INVESTING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Construction of Laboratory equipment/Land &amp; Buildings</strong></td>
<td><em>(1,200,000)</em></td>
<td><em>(3,575,000)</em></td>
</tr>
<tr>
<td><strong>Purchase of computers</strong></td>
<td><em>(5,510,000)</em></td>
<td><em>(20,293,680)</em></td>
</tr>
<tr>
<td><strong>Purchase of Furniture</strong></td>
<td><em>(6,255,000)</em></td>
<td><em>(13,359,223)</em></td>
</tr>
<tr>
<td><strong>Purchase of Liquoring Equipment</strong></td>
<td><em>(12,067,860)</em></td>
<td>-</td>
</tr>
<tr>
<td><strong>Purchase of Office Equipment</strong></td>
<td><em>(9,335,088)</em></td>
<td><em>(41,137,235)</em></td>
</tr>
<tr>
<td><strong>Purchase of Vehicles</strong></td>
<td>-</td>
<td><em>(1,143,834)</em></td>
</tr>
<tr>
<td><strong>Purchase of Moisture meters</strong></td>
<td><em>(116,348,000)</em></td>
<td>-</td>
</tr>
<tr>
<td><strong>Purchase of Espresso Machine</strong></td>
<td>-</td>
<td><em>(10,890,000)</em></td>
</tr>
<tr>
<td><strong>Disposal of Fixed Assets</strong></td>
<td>-</td>
<td>32,495,000</td>
</tr>
<tr>
<td><strong>Purchase of Farm Equipment</strong></td>
<td><em>(28,800,000)</em></td>
<td>-</td>
</tr>
<tr>
<td><strong>Net Cash from Investing Activities</strong></td>
<td><em>(179,515,948)</em></td>
<td><em>(57,903,972)</em></td>
</tr>
</tbody>
</table>

### FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Lease repayments to DFCU</strong></td>
<td>-</td>
<td><em>(14,723,203)</em></td>
</tr>
<tr>
<td><strong>Net Cash from Financing Activities</strong></td>
<td>-</td>
<td><em>(14,723,203)</em></td>
</tr>
</tbody>
</table>

### NET CASHFLOW

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Cashflow</strong></td>
<td><em>(142,314,299)</em></td>
<td><em>(349,304,564)</em></td>
</tr>
</tbody>
</table>

### ANALYSIS OF CHANGES IN CASH & CASH EQUIVALENT

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Closing Bank Balances</strong></td>
<td>1,561,683,662</td>
<td>1,704,107,861</td>
</tr>
<tr>
<td><strong>Closing Cash Balances</strong></td>
<td>117,400</td>
<td>7,500</td>
</tr>
<tr>
<td><strong>Opening Bank Balance</strong></td>
<td><em>(1,704,107,861)</em></td>
<td><em>(2,053,368,925)</em></td>
</tr>
<tr>
<td><strong>Opening Cash Balance</strong></td>
<td><em>(7,500)</em></td>
<td><em>(51,000)</em></td>
</tr>
<tr>
<td><strong>Increase in Cash &amp; Cash Equivalent</strong></td>
<td><em>(142,314,299)</em></td>
<td><em>(349,304,564)</em></td>
</tr>
</tbody>
</table>
## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

**FOR THE YEAR ENDED 30 SEPTEMBER 2010**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Retained deficit at the beginning of the year</td>
<td>1,646,769,710</td>
<td>940,131,106</td>
</tr>
<tr>
<td>Prior year adjustments</td>
<td>52,779,658</td>
<td>877,169,568</td>
</tr>
<tr>
<td>Operating Surplus/ Deficit for the year</td>
<td>(856,414,111)</td>
<td>(170,530,964)</td>
</tr>
<tr>
<td><strong>Retained deficit at the end of the year</strong></td>
<td><strong>843,135,257</strong></td>
<td><strong>1,646,769,710</strong></td>
</tr>
</tbody>
</table>

**Prior Year Adjustments**

1. **UCDA**

   2008/2009 Debtors provision added back | 30,454,594 |

   Specific bad debts written off (Kene, Serwada, Kuka) | (6,903,866) |

   Y/E adjustments (small balances) | 475 |

   Unrealised exch rate diffs on International Obligations | (19,092,578) |

   Capitalisation of powersaws misposted to establishment of demos | 28,800,000 |

   **Total** | **33,258,625** |

2. **China**

   Translation differences

   B/fwd consolidated retained earnings as at 1.10.09 | 119,246,899 |

   Translated at @ exchange rate as at 30.9.10-329.722 | 140,022,529 |

   Difference | 20,775,713 |

   **Total Adjustments on China** | **20,775,713** |

3. **Egypt**

   Translation differences

   B/fwd consolidated retained earnings as at 1.10.09 | (11,291,595) |

   Translated at @ exch rate as at 30.9.10-346.583 | (12,546,274) |

   Difference | (1,254,680) |

   **Total Adjustment on Egypt** | **(1,254,680)** |

**Total prior year adjustments** | **52,779,658** |