



Uganda Coffee Development Authority

# ANNUAL REPORT

2020/21



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# ABBREVIATIONS AND ACRONYMS

<b>ACPU</b>	Ankole Coffee Producers Co-operative Union Limited	<b>MTIC</b>	Ministry of Trade Industry And Cooperatives
<b>AGM</b>	Annual General Meeting	<b>NAADS</b>	National Agricultural Advisory Services
<b>COVID-19</b>	Corona Virus Disease	<b>NaCORI</b>	National Coffee Research Institute
<b>CWDr</b>	Coffee Wilt Disease Resistant	<b>NAFMARK</b>	National Farmers Market Limited
<b>CLR</b>	Coffee Leaf Rust	<b>NDP</b>	National Development Plan
<b>CURAD</b>	Consortium of University's Responsiveness to Agribusiness Development	<b>NUCAFE</b>	National Union of Coffee Agribusinesses and Farm Enterprises
<b>DGAL</b>	Directorate of Government Analytical Laboratories	<b>SMES</b>	Small and Medium Enterprise
<b>EAC</b>	East African Community	<b>UNBS</b>	Uganda National Bureau of Standards
<b>EUS</b>	European Union Standard	<b>UCDA</b>	Uganda Coffee Development Authority
<b>EU</b>	European Union	<b>UCF</b>	Uganda coffee federation
<b>FAQ</b>	Fair Average Quality	<b>UCFA</b>	Uganda Coffee Farmer's Alliance
<b>FLO</b>	Fair Trade Labelling Organization	<b>URA</b>	Uganda Revenue Authority
<b>FO</b>	Farmer Organisation		
<b>FY</b>	Financial Year	<b>USS</b>	Uganda Statistical Society
<b>GAPs</b>	Good Agricultural Practices	<b>TOH</b>	Taste of harvest
<b>HR</b>	Highland Ranges	<b>RWCU</b>	Rwensori Widows Cooperative Union
<b>HPLC</b>	High Performance Liquid Chromatography	<b>UNEX</b>	Union Export Services
<b>ICO</b>	International Coffee Organization		
<b>ICT</b>	Information Communication Technology		
<b>ILC</b>	Inter Laboratory Comparison		
<b>ISO</b>	International Standardization Organization		
<b>ITC</b>	International Trade Centre		
<b>MAAIF</b>	Ministry of Agriculture, Animal Industry and Fisheries		
<b>M &amp; E</b>	Monitoring and Evaluation		
<b>MIS</b>	Management Information System		



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# MESSAGE FROM CHAIRPERSON BOARD OF DIRECTORS



As enshrined in the National Coffee Act (NCA) 2021, UCDA's mandate is to regulate, promote and oversee the coffee sub-sector; to provide for the Authority to regulate all on-farm and off-farm activities in the coffee value chain; to provide for a coffee auction system; and for any other related matters.

Under Section 14, the UCDA Board, appointed by the Minister of Agriculture, Animal Industry and Fisheries for a period of 3 years, is the governing body of Uganda Coffee Development Authority. Under Section 18, two of the major functions of the Board are (i) to set targets for the annual performance of the Authority and (ii) appraise and evaluate its performance. The annual report of the Authority gives accountability (both material and financial) for the year.

UCDA's Vision is "An inclusive, transformative and sustainable coffee industry". Our Mission is "To increase quality coffee production, productivity, value addition, marketing and consumption".

Our core values are: (i) Client focus; (ii) Teamwork; (iii) Integrity and (iv) Professionalism.

The first task of the new Board was to ensure implementation of the Second Coffee Sub-sector Strategy which targets producing 20 million bags per year by 2030 generating US\$ 1.5 Billion.

The Strategy came into implementation at the time when we were experiencing the COVID-19 pandemic which had an impact on coffee business worldwide. Despite that, I am pleased to inform you that the Coffee Roadmap targets are on track following the milestones attained by the Authority.

Total coffee production over the period FY 2019/20 to FY 2020/21 increased from 7.75 million bags to 8.1 million bags an increase of 4%. Exports increased from 5.12 million 60kg bags worth US dollars of 496 million in FY 2019/20 to 6.1 million 60kg bags valued at US dollars 559 million in 2020/21, an increase of 19% and 13% respectively in quantity exported and value respectively. Both exports and value are in line with the milestones in the coffee road map.

In the FY 2020/21, UCDA engagements and international exposures were limited due to COVID 19 restrictions and some of the planned activities were not implemented as planned due to rationalization of the budget by Ministry of Finance, Planning and Economic Development.

UCDA was very visible in both national and international engagements where Uganda coffee's quality was rated number 3 globally by international judges from the Coffee Quality Institute of USA who tasted blind samples from different origins. This is a manifestation of the potential Uganda has as a reliable origin of high quality coffee.

Achievements of the 5-year EU Market Access Project aimed at enhancing market access to EU and the East African region through support of the private operators in both coffee and

cocoa value chains are commendable. Notable ones are: matching grant scheme to support production, post-harvesting and marketing of the two value chains, review of the cocoa sector (policy, regulatory and institutional framework), standards and best practices. The other milestones were the trainings of industry actors in trade analysis, market surveillance and project cycle management.

I would like to recognize the valuable contribution made by the Authority's Board of Directors through exceptional support and direction to Management. A thank you to the key stakeholders, Management and staff of UCDA for their contribution and continued professionalism and dedication to service.



Dr. Charles Mugoya  
Chairman  
Board of Directors





# BOARD OF DIRECTORS



**Dr. Charles Francis Mugoya**  
Board Chairperson



**Mr. Okot Okello Richard**  
Board Member Ministry  
of Trade and Industry,  
Cooperatives



**Mr. John Nuwagaba**  
Board Member  
(Coffee Farmer)



**Mrs. Connie Masaba Magomu**  
Board Member (Ministry  
of Agriculture, Animal  
Industry and Fisheries)



**Dr. Sadik Kasiim**  
Board Member  
National Agricultural  
Research Organisation  
(NARO)



**Mr. Fred Luzinda-mukasa**  
Board Member (Coffee  
Exporters)



**Ms. Maris Wanyera.**  
Board Member (Ministry  
of Finance, Planning and  
Economic Development).



**Mrs. Martha Nalubega  
Wandera**  
Board Member (Coffee  
Roasters).



**Dr. Emmanuel Iyamulemye  
Niyibigira**  
Board Member (Managing  
Director)



**Mr. Michael Nuwagaba**  
Board Member (Coffee  
Processors).



**Ms. Eunice Kabibi**  
Ag. Secretary to the Board/  
Legal Manager

# MESSAGE FROM THE MANAGING DIRECTOR



This financial year 2020/21 marked the beginning of the implementation of interventions prioritized and elucidated in the coffee subsector strategy 2020/21 to 2024/25 in line with the agro-industrialization programme of National Development Plan III and the Coffee Road Map.

The strategy targets production of 20 million 60kg bags of coffee by 2030 and this is expected to generate annual export revenue of US\$ 1.5 billion by 2025. This will be achieved by ensuring a tremendous increase in coffee production and productivity. The other interventions are: modernization of post-harvest handling and storage, increasing coffee processing and value addition, increasing competitiveness of Uganda coffee both locally and internationally, increasing mobilization and access of agricultural finance and strengthening legal, regulatory framework and institutional capacities for an enhanced coordinated delivery to our clients.

Total coffee production has increased by 4% from 7.8 million bags F/Y 2019/2020 to 8.1 million bags F/Y 2020/21. The exports registered an increment from 5.1 million 60kg bags worth US dollars 496 million in FY 2019/20 to 6.1 million 60kg bags valued at US dollars 559 million in 2020/21. This was an increase of 19% and 13% in quantity exported and value respectively. Both exports and value are in line with the milestones in the Coffee Road Map.

During the year, Uganda coffee was ranked 3rd best in the world behind Ethiopia and Kenya by professional coffee tasters in a survey of the top 16 coffee-growing countries in the world. The coffee tasters graded 1,229 coffees from around the world that was harvested from 2010 to 2018 with the top three spots going to African countries. This is a manifestation of the uniqueness of Uganda coffee and gives us a challenge to continue profiling different coffees based on agro-ecological zones in a bid to brand Uganda coffee.

I would like to appreciate all the coffee value chain actors including farmers, exporters, roasters, primary processors, development partners and Uganda Coffee Development Authority staff who have all played a major part in the development of the coffee industry and brought these tremendous achievements.

Despite the effects of the Covid 19 pandemic, and unprecedented turmoil, which brought so many activities to a stand still with a subsequent effect on the implementation of the subsector strategy activities. The Authority implemented some activities for example training, fertilizer distribution and supply of seedlings in order to increase coffee production and productivity. Farmers across the country have been trained on Good Agronomic Practices this was aimed at increasing production capacity and productivity

UCDA launched a country wide campaign to stump old coffee trees and distribute organic fertilizers



to farmers through farmer organizations and cooperatives in Central and Western regions. This is expected to boost their production and productivity resulting into increased coffee exports in the country and subsequent revenue for the country.

Formation of farmer groups to ease mobilization and access of agricultural finance, construction of a soluble coffee plant in order to promote value addition, support in the establishment of certified storage facilities to improve storage of coffee thus improving and maintaining quality of the coffee are being done. We shall continue to train value chain actors on various aspects.

UCDA is fully engrossed in and committed to

A handwritten signature in black ink, appearing to read 'E. Niyibigira', is written over a background image of coffee beans in a white bowl and a burlap sack.

**Dr. Emmanuel Iyamulemye Niyibigira**

**MANAGING DIRECTOR**

efficiency and effectiveness in service delivery to all its stakeholders.

On behalf of UCDA management and staff, I would like to extend my sincere gratitude to the former board for their continued guidance and oversight, stakeholders for their remarkable relations and development partners for their unending support. We have been and always will be a great support system to all our endeavors.

# MANAGEMENT TEAM

## Executive Directorate



**Dr. Emmanuel Iyamulemye Niyibigira**  
Managing Director



**Laura Walusimbi**  
Corporate Communications Manager



**Eliot Ainomugisha**  
Procurement Manager



**William Rugadya**  
Audit and Compliance Manager

## Board Secretary's Office and Corporate Services Directorate



**Nina L. Nassuna**  
Ag. Director Corporate Services/Manager Finance



**Lydia Kitakufe**  
Management Information Systems Manager



**Angelita Musimenta**  
Human Resource Manager



**Eunice Kabibi**  
Ag. Secretary to the Board / Legal Manager



**Edwin Agaba**  
Administration Manager

## Quality and Regulatory Services Directorate



**Edmund Kananura Kyerere**  
Quality and Regulatory Services Director



**Doreen Rweihangwe**  
Quality Assurance Manager



**Betty Namwagala**  
Marketing and Promotion Coordinator - China Office



**Mr. Gordon Katwirenabo**  
Ag. Coffee Sustainability Manager and coordinator EU Markup project



## Directorate of Development Services



**Apollo T. Kamugisha**  
Director Development Services



**Dr. Gerald Kyalo**  
Technology Development Manager



**Robert Tumwesigye**  
Technical Extension Manager



**Robert Nangatsa**  
Extension Manager



**Mike Butseya Maliro**  
Regional Manager (Elgon Region)



**Edward Lutaakome-Ssentamu**  
Regional Manager (Greater Masaka Region)



**Jimmy Baluku**  
Regional Manager (Eastern Region)



**Isaac Chepkru**  
Regional Manager (Northern Region)



**Liza M. Luseesa**  
Regional Manager (Central Region)



**Moses Asimwe**  
Regional Manager (South-Western Region)



**Emmanuel Tumwizere**  
Regional Manager (Rwenzori Region)



**Mr. Mathew Katash Kwikiriza**  
Ag. Regional Manager, Western Region

## Strategy and Business Development Directorate



**David Katungi**  
Director Strategy and Business Development



**James Rogers Kizito-Mayanja**  
Market Intelligence and Information Manager



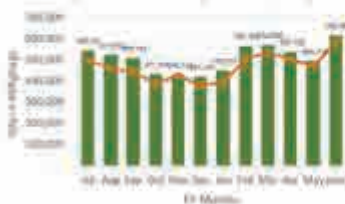
**Paddy Namurebire**  
Monitoring and Evaluation Manager

# 2020/2021 AT A GLANCE



Data Source: UCDA Export Database  
Produced by: UCDA M&E Department  
Date: Oct 2021

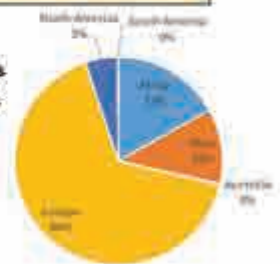
Export Trends for 2020/2021 in Quantity and Value



Export Breakdown by Country



Robusta: 5.34M 60kgbags  
Arabica: 0.74M 60kg bags  
Total  
Quantity: 6.08M 60kgbags  
Value USD 559.3Million





# KEY PERFORMANCE INDICATORS IN LINE WITH COFFEE STRATEGY

Indicator	Baseline_FY19/20	Targets_FY20/21	Actual_2020_21
<b>Goal: Increase export earnings, incomes of farmers and inclusive employment</b>			
Total volume of coffee produced (Millions. of 60kg bags)	7.05	9.61	8.1
Value of total annual coffee export earnings (USD mil.)	496.3	766.4	559
Percent of coffee farmers who consider coffee as the main source of livelihood (Million)	1.7	1.8	1.8
<b>Objective 1: Increase Coffee production and productivity</b>			
Percent of farmers enrolled in Farmer's Organizations	23	35	43
Total acreage under coffee in 1000 Ha.	583	606.4	583
Rehabilitated trees per year (%)	4	11	6
Yield (Clean Coffee) in Kg/tree (Robusta)	0.79	0.9	0.8
Yield (Clean Coffee) in Kg/tree (Arabica)	0.6	0.7	0.65
Percentage of sustainable/certified coffees to total coffee production	5	6	5.2
<b>Objective 2: Modernize post-harvest handling and storage</b>			
Coffee post-harvest losses (%)	20	24	20
<b>Objective 3: Increase coffee processing and value addition</b>			
Percentage of coffee exported as speciality coffee	9	11.2	10%
Percentage of coffee exported as fine Robusta increase	0.5	1.4	1
<b>Objective 4: Increase consumption of Ugandan Coffee and its products, locally and internationally</b>			
Volume of coffee exports: (Million bags)	5.1	7.3	6.1
Value of total annual coffee export earnings (USD mil.)	496	766	559
Local per capita coffee consumption (kg)	0.8	0.96	0.8
Percentage of sustainable/certified coffees to total coffee exports	5	6	5
Percentage of coffee exported as speciality	9	11.2	9
Percentage of coffee FOs/Cooperatives having access to financial support	40	44	42
<b>Objective 6: Strengthen the legal, regulatory framework and institutional capacities for an enhanced coordinated delivery of targeted results</b>			
A new National Coffee Law in place	1	1	1



CHAPTER

**01**



# UGANDA COFFEE DEVELOPMENT AUTHORITY



UCDA head office along Jinja Road in Kampala

## 1.1 Introduction

Uganda Coffee Development Authority is a government agency under the Ministry of Agriculture Animal Industry and Fisheries. It was established by an act of Parliament in 1991 to oversee the development, regulation and promotion of the coffee industry in Uganda. It is governed by a Board of Directors. It comprises 5 directorates, 3 technical ones and 2 support directorates. The technical ones include: Development Services; Quality and Regulatory Services; and Strategy and Business Development. The support directorates are the Executive and Corporate Services. The Executive handles the overall management of the Authority, the communications and public relations docket, audit and compliance as well as procurement and disposal. The Development Services Directorate is responsible for all production related activities including training of farmers

in good agricultural practices and agribusiness, coffee nursery management, technical extension provision of post-harvest actors such as coffee buying stores and primary, secondary and tertiary processors. The Directorate of Quality and Regulatory Services is responsible for quality assurance and promotion in line with international coffee standards. Strategy and Development Services Directorate is responsible for strategy formulation, business development and innovation; market intelligence and monitoring and evaluation.

# UCDA'S MANDATE, VISION AND MISSION

The Uganda Coffee Development Authority (UCDA) came into existence with the passing of the UCDA Bill by the National Resistance Council of 1991 and the Presidential assent to the UCDA Statute of July 12, 1991 (amended in 1994). UCDA is one of the agencies currently under the Ministry of Agriculture, Animal Industry and Fisheries. It is governed by a Board of Directors which

oversees the conduct of business and supervision of the UCDA Management, which is responsible for the day – to – day operations.

The Board's objective is to preserve UCDA's institutional competitiveness as well as ensuring that the Authority operates in a reliable and safe manner.



## Our Vision

An inclusive, transformative and sustainable coffee industry.



## Our Mission

To facilitate increase in quality coffee production, productivity, value addition, marketing and consumption.



## Our Mandate

To regulate, promote and oversee the coffee sub-sector; to provide for the Authority to regulate all on-farm and off-farm activities in the coffee value chain; to provide for a coffee auction system; and for any other related matters.

## Mission Objectives

- Promote, improve and monitor marketing of coffee to optimize foreign exchange and farmers' earnings; Guarantee that the quality of coffee exports meets international standards;
- Develop and promote the coffee and other related industries through research and extension arrangements; Promote the marketing of coffee as a value added product;
- Promote domestic consumption of Uganda coffee;
- Harmonize activities of coffee sub-sector associations in line with industry objectives; and
- Formulate policies related to the coffee industry.



# OUR VALUES

In pursuit of its mission, UCDA is guided by our core values: Client focus; Teamwork; Integrity and Professionalism.

Figure 1: UCDA's Core Values



## 1.2 Strategic Objectives of the UCDA Corporate Plan

In line with the National Development Plan III, the UCDA strategic objectives are categorized into 4 major thematic areas: sustainable coffee production and productivity; quality and value addition; market development and intelligence and institutional development. The six (6) strategic objectives hinged on sustainable coffee production and productivity;

modernizing post-harvest handling and storage; increase coffee processing and value addition as well as consumption of Uganda coffee both domestically and abroad. Access to agricultural finance as well as strengthening of institutional capacity of UCDA to deliver services to its clients was emphasized (figure 2).

**Figure 2: UCDA Pillars and Strategic Objectives**

Pillars	Strategic Objectives
Sustainable production and productivity	1. Increase sustainable coffee production and productivity
Quality and value addition	2. Modernize post-harvest handling and storage
	3. Increase coffee processing and value addition
Market development and Intelligence	4. Increase consumption of Ugandan Coffee and its products
	5. Increase mobilization and access to agricultural finance
Institutional development.	6. Strengthen UCDA institutional Capacity to deliver on its mandate

### 1.3 Strategic Outlook (FY 2021/ 22)

In FY 2021/22, the Authority will focus on the following:

1. Leveraging coffee specific extension through the Lead Farmer Model
2. Develop wet processing capacity and upgrading dry processing technology
3. Coffee Farmers Registration
4. Coffee stumping supported by fertilizers as well as pests and disease control
5. Strengthening Northern Uganda Programme
6. Increased access to quality planting material (seedlings and CWDr clones)
7. Intensification of coffee certification
8. Continuing with coffee profiling programme specifically for niche markets
9. Promoting domestic coffee consumption
10. Developing a comprehensive programme for Farmer Cooperatives to deliver quality services to their members (Business Development Services) including access to finance and insurance and training global coffee trade dynamics
11. Carrying out a baseline survey to collect data on key production indicators
12. Recruitment, Deployment, Development and Equipping of additional staff;
13. Provision of Corporate Administrative and Logistical Services
14. Automated business processes in UCDA and enhanced intra and internet connectivity
15. Recognition of stakeholders in the coffee industry, and
16. Increased visibility of UCDA



## 1.4 Stakeholder Engagement

Our Stakeholder Engagement Strategy under the Coffee Sub-sector Communication Strategy is designed to support the achievement of the Authority's strategic objectives by providing a road map for engaging our stakeholders in order to ensure the coffee subsector sustains the growing curve of production and exports. For a long time, Uganda's coffee production had stagnated at 3.5 million 60 kg bags but after the interventions initiated by the Authority and stakeholders, coffee production and exports have risen. The engagements held in the previous year were very successful and enabled the authority to attain critical insights into trends in the coffee growing and export sector. Uganda ranked 3<sup>rd</sup>

country with best coffee globally and the coffee monthly exports soared past 500,000 -60kg bags as a result of deliberate efforts by UCDA and the stakeholders including National Coffee Research Institute. The engagements included: launching a country wide campaign to stump old coffee trees and distribute organic fertilisers to Farmer Organizations, UCDA entered a formal partnership with religious and cultural institutions to expand acreage of coffee, government provided support to small holder coffee irrigation schemes in eight districts and the National Coffee Bill was discussed by Parliamentary Committee on Agriculture and other stakeholders and sent to H.E. the President of Uganda for its accent into law.

## 1.5 Conclusion

This chapter has elucidated the institutional framework in which UCDA operates such as the National Development Plan III more especially the agro-industrialization programme, its mandate,

mission and vision, core values, and strategic objectives of the Authority in the next 5 years. Stakeholder engagements as well as outlook for the next Financial year 2021/22 were also mentioned.

CHAPTER

02



# SUSTAINABLE COFFEE PRODUCTION AND PRODUCTIVITY

## 2.0 Introduction

The Directorate of Development Services is responsible for providing extension services to farmers on Good Agricultural Practices and Agribusiness as well as technical services at the post-harvest level. It is also responsible for facilitating the dissemination of research results in the field through regional and district officers and transfer of new technologies in order to increase productivity. It links with the National Coffee Research Institute (NaCORI) to ensure farmers' uptake of new technologies. It is also responsible for registration and inspection of primary, secondary and tertiary processing plants. It comprises 3 departments: Extension; Technical Extension and Technology Development. A number of milestones were achieved during the year.

## 2.1 Input and Seedlings distribution

In FY 2020/2021, UCDA distributed 47,337,610 Coffee seedlings (33,921,010 Arabica and 13,416,600 Robusta) across the country to establish 82,0000 acres of coffee. These benefitted 79,564 farmers (54,552 male; 25,012 female and 15,884 youth). Similarly, a total of 2,626,309 CWD-r plantlets were distributed to 850 farmers (718Male, 132Female) farmers who established 5,836 acres of Robusta CWD-r for demonstration purposes. In order to increase multiplication of the Coffee wilt resistant materials across the country, UCDA distributed 147,013 CWD-r plantlets to Nursery operators to establish 71 mother gardens belonging to 56 male and 15 female operators. 100 Nursery operators (65Male, 35Female) received nursery materials (metallic poles, timber raftors, rooting hormones, wheel barrows, watering cans etc. to boost

multiplication.



**CWD-r mother garden and plantlets ready for planting.**

## Coffee rehabilitation

On the renovation and rehabilitation programme, a total of 2,815,833 old and unproductive coffee trees from 62,388 farmers (14,974 Female) in different regions were stumped representing on average 5,120 acres: Central 19,900 trees for 346 farmers (258Male, 88Female); Elgon 1,592,539 trees for 5,263 farmers (4,376Male, 886Female, 13Y); Rwenzori stumped 256,160 trees for 1401 farmers (1,178Male and 187Female); South West 627,297 trees for 49,815 farmers (36,269Male, 13,546Female); Eastern 83,884 trees for 4,798 farmers (2,810Male, 1,704Female & 284Y); and



UCDA procured 145,161 bags (@ 25 kg) of bamboo Biochar organic fertilizer for the rehabilitation programme. Of the 145,161 bags procured, 42,436 bags were distributed in Elgon region benefiting 5,263 farmers (4,376 Male, 886 Female, 13Y). The

balance of 102,225 bags of fertilizers will be distributed in Western and Northern regions during the August September rains in FY 2021/22.



A coffee farmer stumping an old coffee tree in Hoima  
Fertiliser distribution exercise in Sironko, Elgon region







Stumping, mulching and pruning helped me increase yield - Ismail Zavuga

Ismail Zavuga's farm, located in Kiyaga village, Kiyaga parish, Bumbaire sub county in Bushenyi district, is a model farm. He is a lead farmer who demonstrates good agricultural practices (GAPs) such as stumping to other farmers.

In the last season, 28 farmers emulated him by stumping old coffee trees, creating trenches in their farms and applying mulch.

Zavuga's coffee plantation is a good example

of the benefit of coffee rehabilitation. In 2016, Zavuga had abandoned his coffee plantation and was even planning to cut it down due to low yields. However, with UCDA guidance, he stumped the old coffee trees, mulched and pruned and now harvests 5kgs of kiboko per tree. The increased yield is also attributed to the fertilizers he applied last year.

His farm demonstrates that stumping old trees increases their yield. They come back even better than before. When the neighbouring farmers saw the change on his farm they too quickly adopted the same practices.

## Capacity Building

On capacity building, a total of 70 Farmer Organisation (FOs)/Cooperatives, with 7,515 farmers (5,946 Male, 1,569 Female and 122 Youth) were trained on coffee stumping and fertilizer application.

**Table 1: Training of Farmers in Farmer Organizations/cooperatives**

Region	Cooperatives Trained	Female	Male	Youth	Total
South West	21	748	2719	60	3527
Eastern	5	83	294	24	401
Central	5	78	246	18	342
Rwenzori	5	130	492		622
Western	31	431	2103		2534
Greater Masaka	8	75	175	20	270

On coffee quality regulation and enforcement, 534 primary coffee processing factories were registered and assisted to operationalize their activities. (68 in Central, 109 in Greater Masaka, 116 in Eastern, 3 in Elgon, 86 in Rwenzori, 132 in South Western, and 20 in Western region), 742 coffee buying stores (96 in Central, 119 in Greater Masaka, 180 in Eastern, 61

in Elgon, 82 in Rwenzori, 117 in South Western, 34 in Western and 53 in Northern region), 73 coffee export grading facilities (65 in Central, 3 in Elgon and 5 in Rwenzori), 13 Wet Mills (2 in Rwenzori, 9 in Elgon and 2 in Northern region) and 39 Coffee Roasters (20 in Greater Masaka, 17 in Central and 2 in Elgon)



## UCDA staff inspect a wet mill operated by KAWACOM in Nebbi and the coffee drying processes



### 2.2 Support to Coffee Research:

In the financial year 2020/21, NaCORI's main focus was on increasing production of foundation seed of the improved Robusta varieties, increase coffee resilience to field stress factors, and enhance industrial utilization of coffee products and by-products. Thus, the nursery space and mother gardens were expanded, and platforms and partnerships for production of quality planting materials strengthened. Additionally, emphasis was placed on fast-tracking the release of new Arabica varieties and developing agronomic practices that address key biotic and abiotic constraints such as non-optimal plant density, climatic variability, pests, diseases and declining soil fertility. Furthermore, NaCORI pioneered research to profile bio-active compounds in coffee for dietary and industrial applications.

Specifically, 10.5-acre mother gardens were maintained to boost vegetative growth and production of suckers, extra half an acre established for K/R8, 9 and 10. Construction of a new screen house was completed and the Tissue Culture nursery for maintaining disease free CWD-r Robusta mother bushes was renovated. A total of 535,454 CWD-r Robusta rooted cuttings were raised in rooting bins and 69,526 of the cuttings were availed to farmers. Through the tissue culture procedure, 15,305 plantlets were generated and availed to farmers.

During the year, five promising Arabica clones were assessed for growth and disease resistance while more 28 additional superior genotypes were

selected and cloned for on-farm evaluations and new hybrids have been constituted. Similarly, 10 new Robusta coffee accessions were assembled making a cumulative total of 924 accessions curated for securing in field gene banks at Kituza, 13 Robusta coffee hybrids were cloned and weaned ready for multi-location evaluations. NaCORI developed a new coffee breeding strategy, aligning research to farmer needs and the coffee market. This strategy was approved at breeding programme level, and by close of the year, was awaiting presentation to NaCORI management and other stakeholders for endorsement. The strategy highlights areas of improvement including better genetic resource exploitation, breeding resource allocation, mobilization and expenditure efficiency, and end-user-focused product profiling.

Preliminary results of plant density showed that increasing plant density by reducing intra-row spacing from 3m x 3m to 3m x 1m increased yield of coffee cherries by 13.4% from 589 to 668 kg/ha. However, there were increased incidences of some diseases especially the high incidence and severity/damage of red blister disease, brown eye spot, and coffee leaf rust and black coffee twig borer exhibited at closer spacing of 3m x 1m. The trial confirms that there is no apparent need for farmers to change from the current spacing of 3m x 3m to 3m x 1m; as is indicated by these results and elaborated in a recent peer-reviewed publication accessible at <https://doi.org/10.21475/ajcs.21.15.04.p2676> (refer to figure 13)



NaCORI and UCDA conducted a pest and disease survey in Central Uganda which showed that the prevailing pests were tailed caterpillars (20.4%), black coffee twig borer (BCTB) (20.2%) and leaf skeletonizers (16.0%). Results showed that red blister disease (incidence= 51.6% and Severity= 1.9) and brown eye spot (incidence= 47% and severity =1) are the main diseases in Central Uganda.

On developing biochemical markers for variety and product quality improvement, NaCORI developed a cold extraction protocol for green coffee cherry extracts and 5 staff were trained and certified in high performance liquid chromatography (HPLC) usage at NaCORI. Results from profiling Uganda's

Robusta coffee for caffeine content showed minimal variation in average caffeine content for the green beans of KR varieties 1, 3-7, ranging between 0.81% of dry matter in KR7 to 0.94% in KR5. The results point to a lower caffeine content in KR varieties than that of other Ugandan germplasm (1.41-3.29%) as reported by Aluka (2013); and also West African Robusta germplasm (1.0-5.0%) as reported by Ky et al (2001). The results will guide breeders in selecting germplasm for future research on production of Robusta coffee plants with market desirable caffeine content.

**Figure 4: Weaned and Hardened coffee Tissue culture plantlets.**





Figure 5: Bioreactors with Germinating Embryos.



Figure 6: Left, Clonal coffee plantlets ready for weaning and to the right, hardened clonal coffee plantlets



Figure 7: Expansion of Mother Garden.





## 2.3 Northern Uganda Programme

Under the Northern Uganda Programme, UCDA procured and distributed 3,672,503 coffee seedlings to 6,268 beneficiaries (4,998 Male; 1,178 Female, 1,133 Youths) in Mid North while in West Nile 6,293,480 coffee seedlings were procured and distributed to 10,955 beneficiaries (8,304 Male; 2,656 Female and 3,137 Youths). Similarly, UCDA distributed 65,800 CWDR plantlets to 47 farmers (35 Male, 12 Female and 6 Youth) for establishing CWDR mother gardens in Northern Uganda while 5,500 CWDR plantlets were distributed to 3 males to establish demonstration gardens. Similarly, four CWDR Nurseries in Amuru District (2), Nwoya (1) and Lira (1) were supported with CWDR nursery infrastructure: metallic poles, timber, drums and other nursery materials.

To strengthen seedling production in the region, UCDA distributed 2,900 kg of Arabica seed to 52 Nursery operators (49 Male, 3 Female and 18 Youth) in Zombo (1000), Nebbi (962), Arua (938), Lamwo (50), Karenga (25) and Kaabong (25) and distributed 100kg of Arabica seed to four (4) Nursery operators (3 Male & 1 Female) in Lamwo, Kaabong & Karenga districts. The materials will be used to produce an estimated 6M seedlings for the region.

In order to demonstrate climate change mitigation measures, UCDA distributed 80,000 banana suckers to 814 beneficiaries; 60,000 banana suckers to 618 beneficiaries (429 Male, 189 Female) in West Nile and 130 Youth) while 20,000 banana suckers were distributed to 196 beneficiaries (171 Male, 25 Female and 48 Youth) in Mid North. These were intercropped with coffee to provide shade and food for households' food security.

On farmer outreach, extension staff conducted 1,090 farm visits with 458 field visits conducted to 3,147 farmers (2,563 Male, 584 Female & 409 Youth) in West Nile and 632 field visits to 2,409 farmers (1,824 Male, 585 Female & 441 Youth) in Mid North. During the field visits, farmers were trained in GAPS and were mobilized to prepare and plant coffee seedlings.

## Northern Uganda, a new frontier for coffee-growing

Uganda Coffee Development Authority (UCDA) introduced commercial coffee production in the non-traditional commercial coffee areas including the Mid-Northern Uganda districts of Apac, Gulu, Kitgum, Lira, Pader, Oyam, Amolatar, Dokolo and Amuru. Despite skepticism from farmers at the start, some persisted and embraced coffee farming. Today they are reaping the rewards. We bring you stories of farmers in northern Uganda who are challenging the narrative.

*Leois Ogwang, 46, is a coffee farmer living in Ipopong Village, Western ward, Loro Town Council, Oyam district with seven other family members. He owns 2 acres of coffee and he belongs to Loro Cooperative Farmers Group.*

*Ogwang had earlier grown coffee but failed to maintain it due to lack of adequate agronomic knowledge. He was nominated to use his 1 acre as a technical development site. UCDA facilitated him with the site establishment costs such as digging of coffee and banana holes, provision of top dressing fertilizer and banana suckers. Each stage of technical site establishment was practically demonstrated in the presence of other farmers. As a result, Ogwang acquired adequate knowledge of coffee agronomy.*

*His 2-acre coffee farm is promising. The establishment of the technical development site has benefited him and the farmers in Ipopong village to practice good agricultural practices.*

*Dr. Tonny Kidega is Gulu's model coffee farmer. Dr. Kidega, 39, is from Gulu county village, Pakwelo Parish, Onyama Sub county in Gulu district. He owns 40 acres of land. Twenty acres are planned for coffee-growing. On the other 20 acres he grows feeds for his dairy farm and food for domestic consumption.*

Dr. Kidega's interest in growing coffee started when his neighbor, Aber Harriet started a coffee nursery. Many people kept coming to his farm to pick manure to put in their coffee gardens.

"I didn't give it much thought until one day I asked myself whether the manure people were buying from me couldn't be useful to me too," he says.

So he talked to Harriet. She gave him phone numbers for Uganda Coffee Development Authority. She told him that coffee-growing in northern Uganda was a virgin area and worth trying. However when she told him that coffee takes three years to start fruiting, Dr. Kidega remained hesitant because he considered three years a long time. Harriet kept sending him statistics on how Uganda's coffee was performing. Over time he developed interest in growing coffee. As a business person, he realized that there was a lot of potential in coffee.

One day an Indian visited his farm and collected 10 tonnes of manure to apply in his coffee nursery. That was his turning point. He was convinced that this was a serious venture to get into. So he took the first step and reached out to UCDA. He has not looked back since.

Tonny Ogwang, 54, grew up on a coffee farm in Luweero. As a young boy he enjoyed working with his father on the 40-acre coffee farm. In 1987, war broke out. The area was insecure. Fearing for their lives they abandoned everything and moved back to the village in Dokolo district.

Despite returning to the village, his passion for

coffee growing did not die. Ogwang always wanted to grow more coffee but there was nowhere to get coffee seedlings in Dokolo. So, in 2004, he heard that UCDA was giving out free coffee seedlings to farmers in Lira. "I boarded a pick up from Dokolo to Lira. I was given 120 seedlings which I planted. While most died, 10 coffee trees survived.

I met several challenges at the start but with guidance from UCDA,

"I planted these trees close to my house. I harvest 150 kg of coffee cherries from the three coffee trees every season and every one wonders how this is possible. People here didn't believe coffee could perform so well here in Dokolo. This has inspired him to even plant more coffee," Ogwang adds.

Langoya Sisto, 54, is a coffee farmer living in Mucwini village, Mucwini sub-county, Kitgum district. Sisto has 1,300 coffee trees on 4 acres of land. His household composition is 13 members, 7 male, 6 female and he belongs to Gene Ber Village Savings and Loan Association. He says the President's call for increased coffee production to grow coffee inspired him to join the sector.

<https://ugandacoffee.go.ug/file-download/download/public/146> Photos page 15-16

## Coffee in Karamoja

Karamoja has traditionally been considered a land of nomadic pastoralists with limited farming activity. Today, the story is changing. Following

the introduction of coffee to the region by Uganda Coffee Development Authority, a group of farmers have embraced coffee growing and are mobilizing their fellow community members to embrace coffee. Abokalam Mathias from Abim is one of the new coffee farmers supported by UCDA join the enterprise.



## My journey into coffee was inspired by a radio programme

Figure 8: UCDA field staff RCEO Kitgum Ms. Beatrice Alera guides farmer on proper mulching of newly planted coffee seedlings



Abokalam Mathias, 43, from Giligili village, Abim sub county in Abim district is a new entrant into coffee growing. He recently planted 1,200 seedlings in July.

The inspiration to grow coffee started after he heard about how much money Uganda earned from coffee in the month of June.

"I picked interest because I have been a farmer all my life growing g-nuts, beans, simsim but I have not earned much from the crops," Abokalam explains.

When I heard over the radio how much money

Uganda earned from coffee, I felt inspired to give it a try. I believe coffee is an income generating crop. This is how I decided to give coffee a try.

I started asking where I can get coffee seedlings. My friend linked me up with Beatrice, the RCEO UCDA.

I received 1,200 coffee seedlings. I planted them and so far they are doing well.

## 2.5 Conclusion

The chapter hinged mostly on empowering farmers to rehabilitate their coffee shambas through stumping and fertilizer application. Support to the National Coffee Research Institute (NaCORI) continued with emphasis on equipping the tissue culture laboratory. Mapping and monitoring of Coffee Wilt Disease Resistant mother gardens continued throughout

the year. Deliberate strategies to popularize coffee growing in Northern Uganda continued with a number of success stories on adoption of Good Agronomic Practices with emphasis on inter-planting with shade trees and cover crops.





CHAPTER

**03**



# VALUE ADDITION, STORAGE AND DOMESTIC COFFEE CONSUMPTION

## 3.0 Introduction

During the year, a number of milestones were achieved which included engagement with Uganda National Bureau of Standards (UNBS) and Department of Governmental Analytical Laboratories (DGAL) to carry out proficiency tests towards recognition of the UCDA laboratory in conformity to the ISO 17025/2017 standards. Coffee profiling also continued where a number of samples were collected and were ready for analysis at the end of the year. Field and export ready coffee samples continued to be evaluated to ensure international coffee standards. Arabica coffee calibrations and 'Best of Pearl' cupping competitions were held which reflected the high quality coffees available that fetched high premium prices. The EU Markup project which aims at enhancing the market access of coffee and cocoa in Europe had a number of milestones among which were the capacity building programmes on trade analysis, market surveillance and project management cycle where participants from UCDA and other trade support institutions benefited. The other milestone was the approval of the Cocoa Regulatory Impact Assessment by Ministry of Agriculture, Animal Industry and Fisheries paving way for enactment of a national cocoa policy, act and regulations. Success stories on value addition are also showcased.

### 3.1 Quality Assurance

- (i) Inspected and certified 6,0577,951 bags (60 Kgs) for export (Robusta – 5,337,952, Arabica – 739,999); representing a 29% increase in performance above the target due to continuous increased production of the new plantings, favorable weather and good prices.
- (ii) Issued 18,487 Quality Certificates and 18,487 International Certificate of Origin' to facilitate the export of Uganda coffee
- (iii) Evaluated 1,982 samples (Field – 403, Export deliveries – 1,579) of field and export deliveries at grading factories from different origins to determine the quality of coffee; and all parameters were maintained within the recommended limits; field assessment visits highlight the need to continuously enforce coffee regulations especially in the Mt. Rwenzori region.
- (iv) Started the Inter Laboratory Comparison (ILC) program exercise; 1st round Managed by UNBS included participation in the ILC for moisture content determination (by % by mass) where 3 samples from the organizers- UNBS were analysed and 4 QAOs were sensitized on Lab recognition for ISO 17025 /2017 and the Inter Laboratory Comparison scheme. The 2nd round was managed by UCDA and three laboratories i.e Chemiphar, Directory of Government Andystical Laboratory (DGAL) and Uganda National Bureau of Standards UNBS were engaged for inter lab collaboration to work together on Proficiency tests exercise for bio and physiochemical parameters.
- (v) Conducted 55 descriptive cupping sessions of 420 samples collected from 42 districts with the potential to produce fine Robusta and specialty Arabica coffees; Cupping data for all the 400 samples generated and to be submitted to service provider (Data analyst) for preliminary analysis.



Figure 9: Coffee Cupping of samples across the country by staff at UCDA Lugogo Laboratory



### 3.2 Value Addition and Generic Promotion

- (vi) Conducted Q - Arabica calibration session for 12 participants (5Female, 7Male) and the capacity to analyze complex Arabica flavors enhanced.
- (vii) Conducted 2 Taste of harvest (ToH) for Robusta and Arabica; Under Robusta Taste of harvest (ToH), 25 Robusta coffee samples mainly micro lots (Luuka Coffee, Bigirwa and Kamama coffee) were tasted. The coffee had a strong fragrance, aroma and complex flavour notes with rich texture; and UCDA together with UCF, conducted the Arabica Taste of harvest (TOH) (Best of the Pearl, 2021) with 38 samples from the coffee stakeholders.
- (viii) 6 coffee lots from the 'Best of the Pearl 2021' cupping competition from the 14 coffees that qualified for the international cupping round were auctioned; increasing Uganda coffees visibility within the international coffee market space. Kawacom Sipi falls Anaerobic natural 85.58 cupping points Bid 5.10cts/lb; Mt. Harvest Coffee Washed 85.54 cupping points Bid 4.40cts/lb; Masha Quality Honey processed 84.42 cupping points Bid 4cts/lb; Zukuka Bora Natural Arabica 84.25 cupping points Bid 7 cts/lb. The winners will be recognized in a media event by UCDA and MAAIF minister.
- (i) 187 brands of coffee finished products (including repeat samples) were sensory analyzed using East African Standard (EAS) 105.1999 coffee standard; the use of inferior materials (husks and FM) has been minimized though High percentage of failing coffees is due to sustained use of low grades (BHP and Triage) which have high levels of contamination.
- (ii) Provided technical support to the Rwenzori Widows' Co-Operative Union (RWCU) on value addition and guided the group on roasting profiles, processes, green grading and packaging. The group has introduced a finished product on market branded RWCU special coffee brand.
- (iii) Selection of the best farmer, special category and brewer were completed.
- (iv) Promoted domestic coffee consumption at 6 local events i.e Nyamirami Primary School Muhokya - Rwenzori region and Kembabazi Restaurant, Naguru; Kiwatule Recreational Center and Press week at Makerere University Business School, the orientation week of the Ugandan Parliament and Kyankwanzi retreat for newly elected member of parliament. UCDA's visibility increased.



Figure 10; Members of parliament enjoy a cup of Uganda coffee served by UCDA during the Parliament orientation week for newly elected MPs



(v) Promoted domestic consumption on 3 radios (Next Media, CBS, Guide Fm Kasese) and 4 TV stations i.e. UBC- English, TV west-Runyakitara, Bukedde- Luganda and Baba- Lusoga representing the Northern, Western, central and Busoga regions: Mini-documentary on production, quality control, roasting and brewing technique and export were produced and aired. TV programs delivered a wider coverage on coffee activities including coffee consumption despite the impact of COVID19, investments

at tertiary level continue to increase with new cafés coming up.

- (vi) Promoted coffee consumption at 7 overseas embassies (U.K, Algeria, Italy, Belgium, Saudi Arabia, New York & Washington DC)
- (vii) Exported 80,549 bags (60 kgs) to China market compared to 33,328 bags in the previous year while 32,682 bags (60kgs) were exported to Japan compared to 36,802 bags the previous year.

## Figure 11: Retired Banker Reveals How Coffee Value Addition Has Transformed Her Life



*Ms. Judith Kobusingye Rutaro is a retired banker. When she retired from the bank, she returned to her coffee garden to keep herself busy and earn money to maintain her lifestyle. Kobusingye, who is based in Rubirizi district, started as a farmer like the rest of the community members before embarking on value addition and coffee tourism.*

### Starting Off

*When I started, planting materials weren't readily available. We planted whatever we found on the market. As time went on, we got coffee seedlings from the National Agriculture Advisory Services (NAADS). Some of the seedlings I received did not perform as I expected. Despite this setback, I persisted. I had a passion for coffee and I knew I would make it. What kept me going is that I knew the value that is in coffee. This is because I already had some mature coffee trees that were earning some little money after selling to the traders.*

### My journey into value addition

*My turning point came after I discovered that I could add value to coffee and make more money than what the traders were offering.*

*Most people think that value addition is about processing the final drink. This is not the case. You can grade your coffee and sell the grades at different prices. Many farmers are not doing this.*

*I have attended several training that opened my eyes to the opportunities in the coffee business. I learned that coffee has different grades and you can add value throughout the entire value chain. I have attended training through different organisations such as the Ankole Coffee Producers Co-operative Union Ltd (ACPCU), Café Africa, El'Caño Uganda Ltd, Union Export Services (UNEX) Ltd, and AbiTrust. These institutions have helped me expand my view about the coffee business and how I can harness the opportunities. I also had the opportunity to visit farmers in different parts of the country to see and learn from them. The National Farmers Market (NAFMARK) Limited facilitated some of the visits. In 2014, I attended a training in value addition. The training exposed me to coffee roasting, grading, and cupping. It's here that I learnt the true taste of coffee. When I came back to Rubirizi, I started doing the processing locally. I would roast the coffee and package it for sale. I used to roast coffee on a charcoal stove and then package it. I now take my coffee to the Consortium for enhancing University Responsiveness to Agribusiness Development Limited (CURAD) for roasting and grinding. Then I package it for sale. I am building a brand. To help grow my brand further, I keep attending various training on branding and packaging. I went as far as Mbarara and I was trained on branding.*



# EU-EAC MARK UP PROJECT ANNUAL PERFORMANCE REPORT IN FY 2020/21

## HIGHLIGHTS

The Market Access Upgrade Programme (MARKUP) is an initiative of the EAC Partner States funded by the European Union. It aims at addressing both the supply side and market access constraints of some of the key export-oriented sectors, with particular focus on exports to the European Union and African Caribbean and Pacific markets. In Uganda, the programme focuses on two commodities namely coffee and cocoa.

The general objective of the Project is to contribute to the economic development of Uganda by increasing the value of coffee and cocoa exports, to the EU.

Specifically, the project will enhance market access to EU and the East African region by supporting private operators in the coffee and cocoa value chains to improve quality and quantity of the produce and retain premium prices for the same through niche markets.

The implementation of the MARKUP programme activities is in two parts, covering the three result areas. The first part covers a review and update of the cocoa sector policy, legal, regulatory and institutional framework, including standards, guidelines and best practices. The second part includes developing and managing a matching-grant scheme targeting private operators in the coffee and cocoa sectors that intend to sustain smallholders to overcome supply and marketing constraints. It also involves developing and managing programme estimates aimed at supporting market-led research on coffee and cocoa resistant varieties and strengthening public administration capacity for trade analysis, market surveillance and project management.

Under result area two of the programme, the European Union has provided funds for a matching grant scheme to support production, post-harvest

handling and marketing of the coffee and cocoa value chains, with priority to private operators' interventions that are climate resilient, and environmentally sustainable. Some of the key highlights in the reported year, achieved under the project, are:

- The Ministry of Agriculture, Animal Industry and Fisheries (MAAIF) Top Policy Management committee approved the Cocoa Regulatory Impact Assessment report which will inform the legal framework for the Uganda cocoa sector.
- Three of the 6 selected matching grant beneficiaries had their contracts approved. The contracts for the 6 beneficiaries, worth approximately Euros 3.4million, will support Small and Medium Enterprises (SME's) to improve production and productivity and reduce post-harvest losses.
- NaCORI scientists carried out field assessment and evaluation of 22 promising Arabica Coffee clones in Zombo, Kyenjojo and Kasese districts that are resistant to leaf rust and coffee berry diseases.
- The NaCORI scientists also carried out field assessment and evaluations on 10 promising disease resistant and high yielding cocoa clones in the 3 agro-ecological regions of Eastern (Buikwe), Central (Mukono) and western region (Bundibugyo).
- NaCORI scientists undertook an assessment on the biotic and abiotic factors affecting cocoa productivity in the 3 agro-ecological regions of Eastern Uganda (Buikwe), Central Uganda (Mukono) and Western Uganda (Bundibugyo).

- The UNBS standards committee developed four draft cocoa related standards (Standard for cocoa beans, cocoa butter, cocoa powder and mixtures and chocolate products).
- Two stakeholder consultations on the cocoa draft standards were held in Bundibugyo and Buikwe districts. The standards will be the benchmark against which cocoa trade will be handled in the East African region and will help streamline the sub sector.
- In collaboration with ITC Regional MARKUP Project team, 18 quality Champions were trained and supported to coach 18 SMEs in quality improvement projects.
- 59 Stakeholders with 46 from UCDA and 13 from other Trade Support Institutions (MAAIF, Uganda Coffee Federation, National Union of Coffee Agribusiness and Farm Enterprises (NUCAFE), Uganda Exports Promotion Board(UEPB), Ministry of Trade Industry and Cooperatives (MTIC)) were trained in 3 areas (i) trade analysis (20 out of whom 9 were female) (ii) market surveillance (20 including 9 female) and (iii), Project Management Cycle (19 including 11 female). At the end of the sessions, participants were able to easily use ITC market tools, how World Trade Organization works and how it facilitates global trade; and components of an effective project management cycle.

Figure 12: Stakeholders participating in the market surveillance Training at Fairway Hotel





Figure 13: Group Discussions (Group photo Trainer Mr. Moses Mabala ICT Consultant, fifth from the left )



### 3.3 Conclusion

This chapter has outlined number of achievements hinged on ensuing that the UCDA laboratory meets the ISO 17025 standards. Continuous engagements with UNBS and NGAL during the year ensured achievement of this milestone. The EU Mark Up project is covering three result areas (i) a review and update of the cocoa sector policy, legal, regulatory and institutional framework, including standards, guidelines and best practices (ii) developing and managing a matching-grant scheme targeting private operators in the coffee

and (ii) strengthening public administration capacity for trade analysis, market surveillance and project to identify potential markets for coffee and cocoa and market access requirements for each market. management. For the review, a regulatory Impact Assessment (RIA) was undertaken on the cocoa sub-sector and approved by the Top Management in MAAIF. Three of the 6 selected matching grant beneficiaries had their contracts approved. Use of the ITC market tools (Trade map, Standards map, market access map and investment map) proved quite relevant to the participants.



CHAPTER

**04**



# MARKET DEVELOPMENT AND INTELLIGENCE

## 4.1 Introduction

This chapter reflects how the Ugandan coffee market performed during the Financial year and the fundamental factors which led to the export performance, where Uganda coffee is destined and key other interventions undertaken by the Strategy and Business Development Directorate during the year.

Coffee export performance during FY 2020/21 amounted to 6.1 million bags worth US\$ 559 million compared to only 5.1 million bags valued at US\$ 496 million in the previous year FY 2019/20, an increase of 20% and 13% in quantity and value, respectively.

Major achievements included a rapid study on the impact of the COVID-19 pandemic on the Coffee sub-sector in Uganda, production surveys in different regions to estimate coffee production, export performance by different actors (exporters, buyers and destinations) as well as monitoring and evaluation of UCDA activities and the entire coffee sub-sector. The M & E activities hinged on the fertilizer distribution that UCDA had initiated in 2019 and its effect on farmers' productivity. UCDA continued to disseminate daily coffee market reports to stakeholders regarding the direction of the global coffee markets, indicative export prices, realized highest export prices and volumes traded the previous trading day and the range of farm gate prices for unprocessed Robusta Kiboko coffee, Robusta clean coffee (Fair Average Quality-FAQ) prices, Arabica parchment prices and Arabica Drugar (clean coffee) prices. A toll free call centre was also operationalized during the year as well as the SMS Price facility. These interventions have reduced on price asymmetry at farm level.

The following were achieved during the year:

- (i) Conducted 3 Quarterly stocks verifications at exporter and processor level. At the end of June 2020, stocks at exporter level stood at 1.27 million bags whereas at end of June 2021 they stood at 1.36 million bags, a slight increase at export level.
- (ii) Conducted two production surveys which estimated gross production at 10 million 60-kilo bags with production in Greater Masaka region at 3.6 million of clean coffee; Busoga Region at 2 million bags (main harvest at 1.0 million bags and Fly crop stood at 0.7 million bags); Central Region at 4 million; and Rwenzori Region at 0.95 million bags.
- (iii) Conducted monitoring of field activities in 40 districts in Rwenzori, Mid-North, West-Nile, Greater Masaka, South Western, Eastern, Elgon, Central and Western. The findings were that coffee farmers benefitted from distribution of coffee seedlings, trainings in post-harvest handling and good agronomic practices. The findings revealed that 76% of trained farmers adopted Good Agricultural Practices (GAPs;) 13% applied fertilisers and 60% were dried coffee on tarpaulins reflecting adoption of good post-harvest handling practices.
- (iv) A functional Call centre with a toll free number 0800353530 was launched which was staffed with 3 trained call centre staff (2 Female, 1 Male) to receive and respond to calls from the stakeholders across the coffee value chain. A total 804 calls were received and responded to during the period.

## 4.2 Comparative Export Performance

Figure 14 illustrates the comparative monthly coffee export performance for Financial Years, 2019/20 and 2020/21 in terms of quantities exported and their corresponding values. It is evident that apart from the month of January, both quantities exported and their values were higher than the corresponding month the previous year more so in the second half of the financial year 2020/21. This was attributed to the prevailing favourable

weather and opening of the global economy from the devastating COVID-19 pandemic. The increase in export value was driven by increased exports rather than an increase in the realized export price. Total exports amounted to 6.1 million bags worth US \$ 559 million compared to 5.1 million worth US\$ 496 million the previous year, an increase of 20% and 13% in quantity and value, respectively

Figure 14; Comparative exports for FY 2019/20 and 2020/21

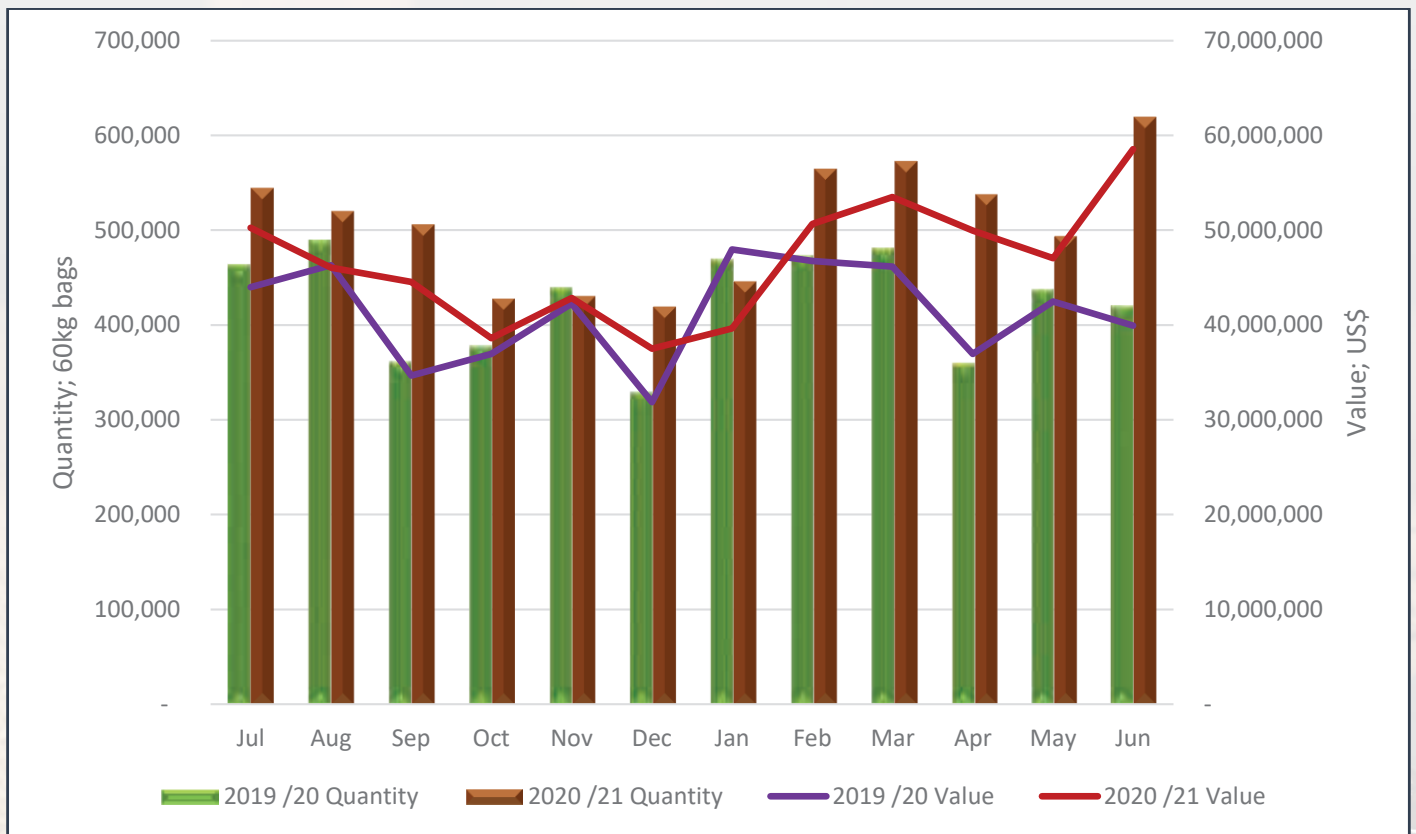
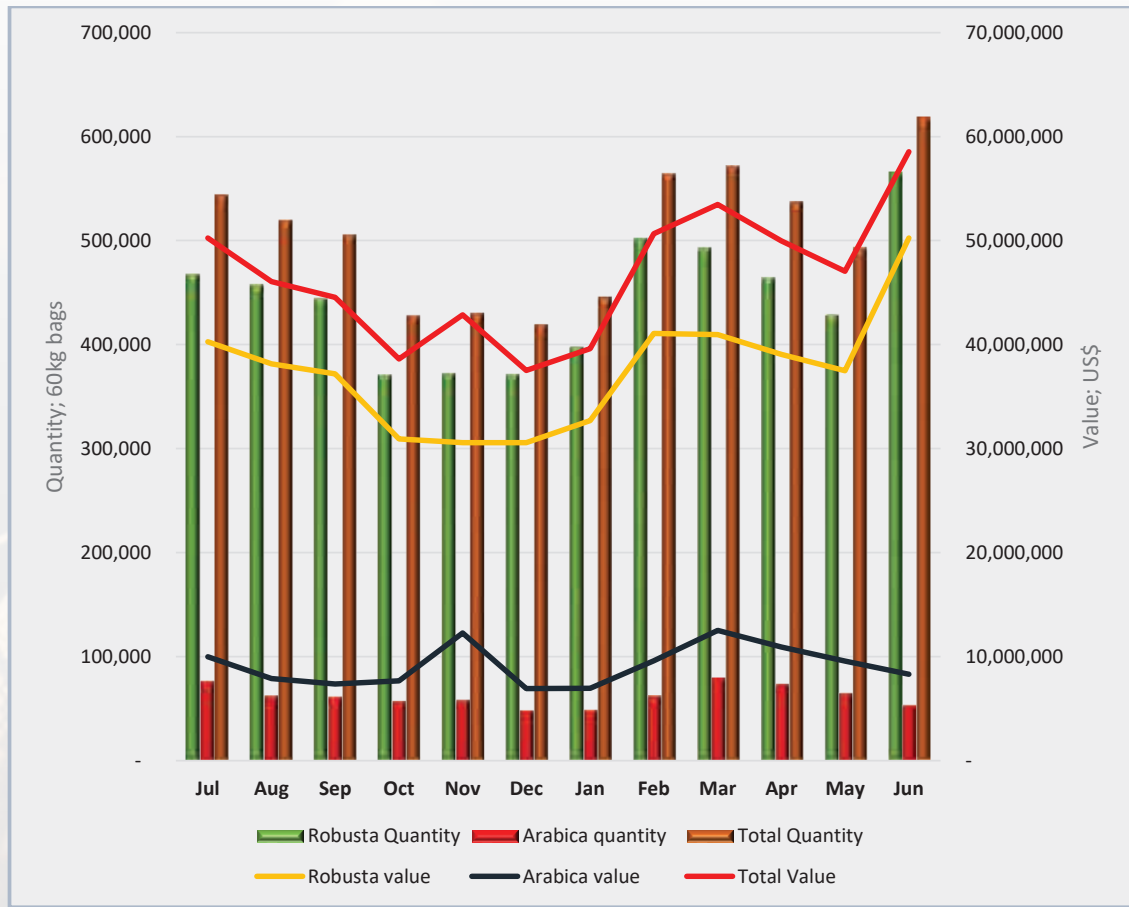


Figure 15 illustrates coffee exports by type. There was a negative trend in both quantities exported and value from the beginning of the FY in line with the harvesting calendar up to December, the trend reversed up to April then recovered in June at the

tail end of the financial year on account of the main harvest in Greater Masaka and South-western regions. For Arabica, it was an off-year biennial period and exports kept on reducing from July to January, recovered briefly up to March before continuing with its negative trend up to June 2021.



Figure 15; Coffee exports by type for FY 2020/21



### 4.3 Unit Coffee Export Prices

Weighted monthly unit export prices ranged between US\$ 1.48 per kg to US\$ 1.66 in FY 2020/21 compared to US\$ 1.58 per kg to US \$ 1.71 per kg in the previous year. This was on account of lower global coffee prices driven by an on-year Arabica Coffee production in Brazil and increased exports

from Vietnam and Colombia, the pandemic effect notwithstanding. The low price was also attributed to change in consumption strategy for consumers who opted for low priced coffee during the pandemic period since most of out-of-home consumption had been affected significantly by the lockdown. The weighted average price for FY 2020/21 was US \$ 1.54 per kg compared to US \$ 1.62 per kg in the previous year (Figure 16).

Figure 16; Comparative Weighted Monthly Coffee Export Prices in Financial Years 2019/20 and 2020/21 in US \$/kilo



## 4.4 Coffee Performance by Grade

Figure 17 on coffee exports by grade for Financial Years 2019/20 and 2020/21. The figure clearly shows that there was an appreciable increase in global Arabica coffee prices on account of supply concerns in Europe and lack of containers which disrupted the flow of coffee on top of easing of border restrictions in Vietnam. Global coffee prices and hence realized export prices which kept on reducing.

There was an appreciable increase in Screen 15 (Standard) grade from 2.1 million bags exported in FY 2019/20 to 2.7 million bags in FY 2020/21, a 29% increase and a corresponding value of US\$ 192.81 Million in FY 2019/20 compared to US \$ 231.47 million in FY 2020/2, an increase of 20%. Similarly, there was an appreciable increment in Screen 18 exports of 73% from 388,573 60-kg bags in FY 2019/20 to 673,392 bags. The corresponding values were US \$ 38.12 and US \$ 60.67 in Financial years 2019/20 and 2020/21 respectively. A similar trend is exhibited in Screen 17 which was

separated from Screen 15 with exports increasing from 292,263 bags to 422,907 bags in the same period, giving an increment of 45%. On the other hand, although Screen 12 grade increased too during the year by 8%, the incremental is not as high compared to the 3 higher grades (large bean sizes). This is attributed majorly to improved agronomic practices, post-harvest handling and favourable weather.

During the year, the sustainable/fine coffee exports did not increase significantly as conventional coffees. Organic Robusta exports decreased from 27,781 bags to 15,605 bags (44% reduction) while Washed Robusta increased marginally by 6% from 20,956 bags to 22,148 bags in FY 2020/21. The same trend is exhibited in Figure 18 which compares Arabica sustainable/specialty coffees with selected conventional coffees with lower exports in FY 2020/21 compared to the previous year. The major determinant of the low Arabica coffee exports was the off-cycle biennial cycle characteristic of Arabica production which saw Arabica exports reach lowest levels in the last 5 years.

Figure 17; Comparative exports for Sustainable Grades and selected Conventional Robusta grades for FY 2019/20 and 2020/21

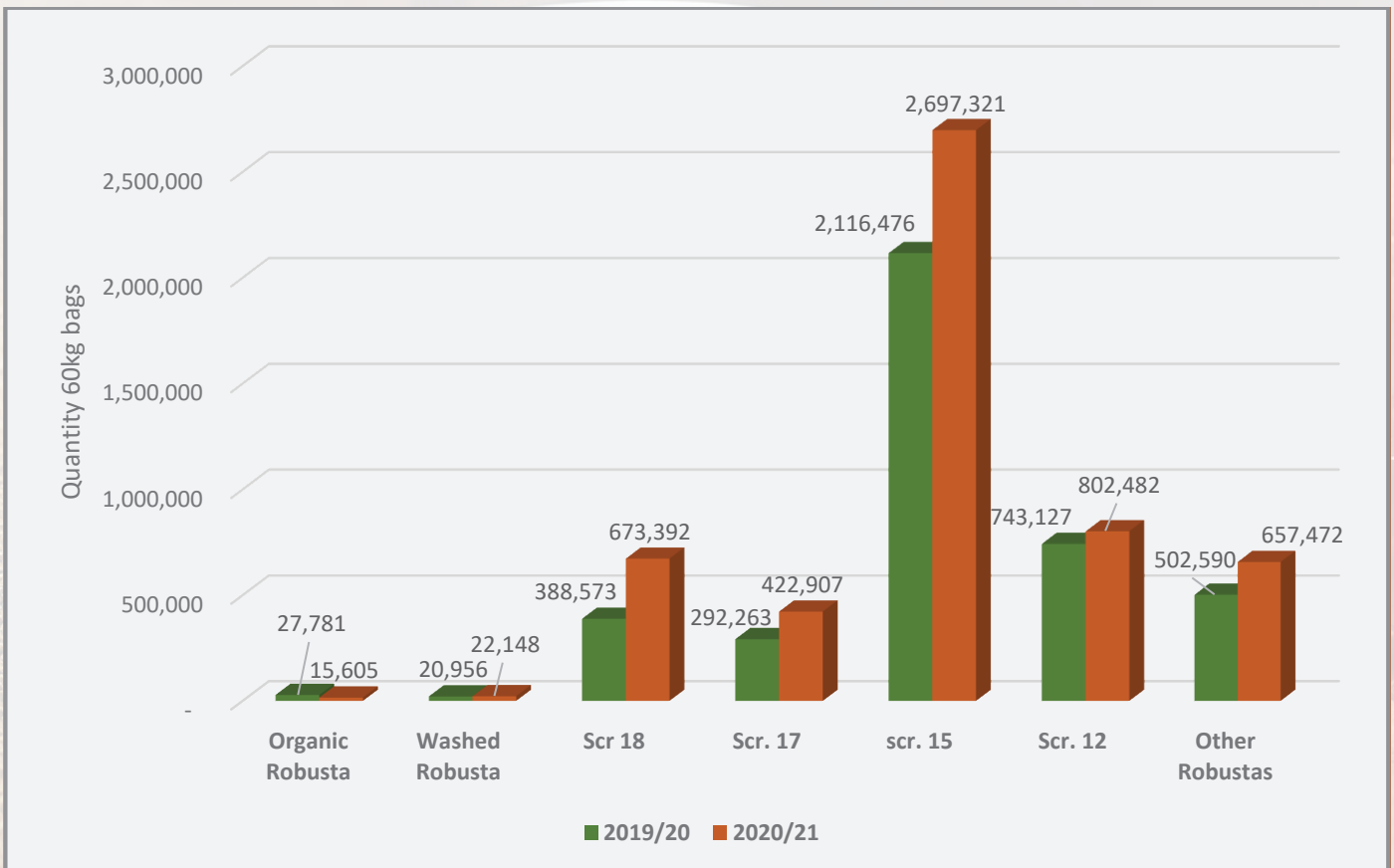
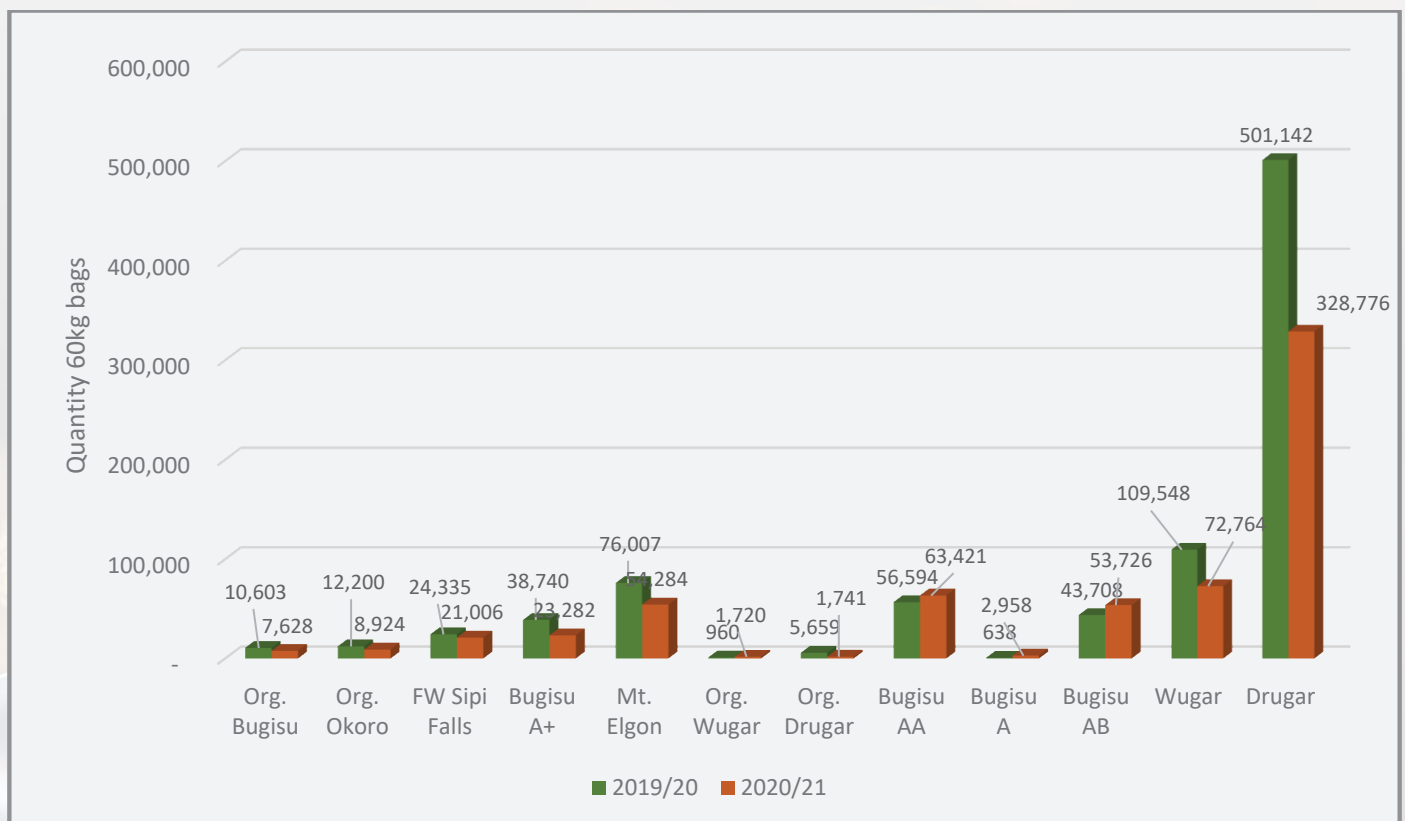




Figure 17 shows only Bugisu AA, Bugisu AB showed increment in coffee exports compared to the previous year. Bugisu AA increased from 56,594 bags in FY 2019/20 to 63,421 bags in FY 2020/21. Similarly, Bugisu AB increased from 43,708 bags to 53,726 bags in the same period. A significant reduction in Drugar and Wugar exports during the year was observed. Drugar exports reduced from 501,142 bags in FY 2019/20 to 328,778 bags in

the same period. All sustainable/specialty coffee exportable grades decreased in FY 2020/21 compared to the previous year. For instance, Mt. Elgon decreased from 76,007 bags to 54,284 bags; Bugisu A+ from 38,740 bags to 23,286 bags; Fully Washed Sipi Falls from 24,335 to 21,006 bags; Organic Okoro from 12,200 bags to 8,924 bags and Organic Bugisu from 10,603 bags to 7,628 bags from FY 2019/20 and FY 2020/21 respectively.

**Figure 18; Comparative exports for selected Arabica grades for FY 2019/20 and 2020/21**



## 4.5 Percentage Share of Different Coffee Grades

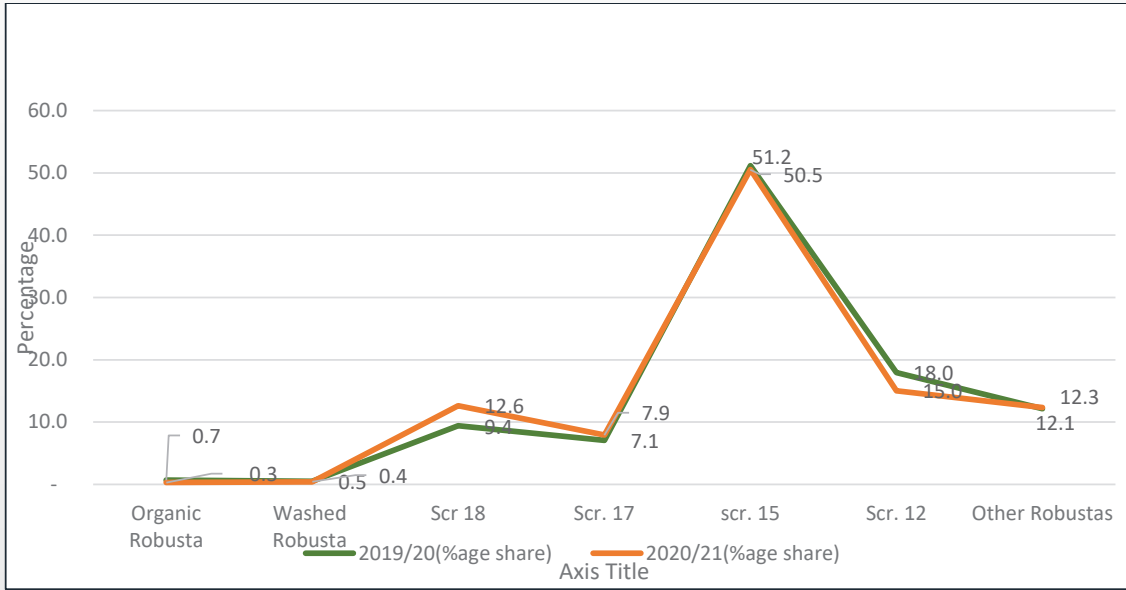
A comparison was sought to ascertain whether there was an appreciable improvement in the grade share compared to total Robusta and Arabica coffee types separately in percentages in the 2 financial years.

### Robusta Grades

Appreciable impact is from Screen 18, Screen 17 and screen 12, the former two depicting lower proportion in the concluded year compared to the

previous one. Screen 18 proportion increased from 9.4 % to 12.6% (2.8% annual increment); Screen 17 from 7.1% to 7.9% (0.8% annual increment) for Screen 17. On the other hand, there was an appreciable 3% reduction in percentage of Screen 12 to total coffee exports from 18% in FY 2019/20 to 15% in FY 2020/21 (Figure 19).

**Figure 19; Comparative exports for Sustainable Robusta grades for FY 2019/20 and 2020/21 in Percentages**

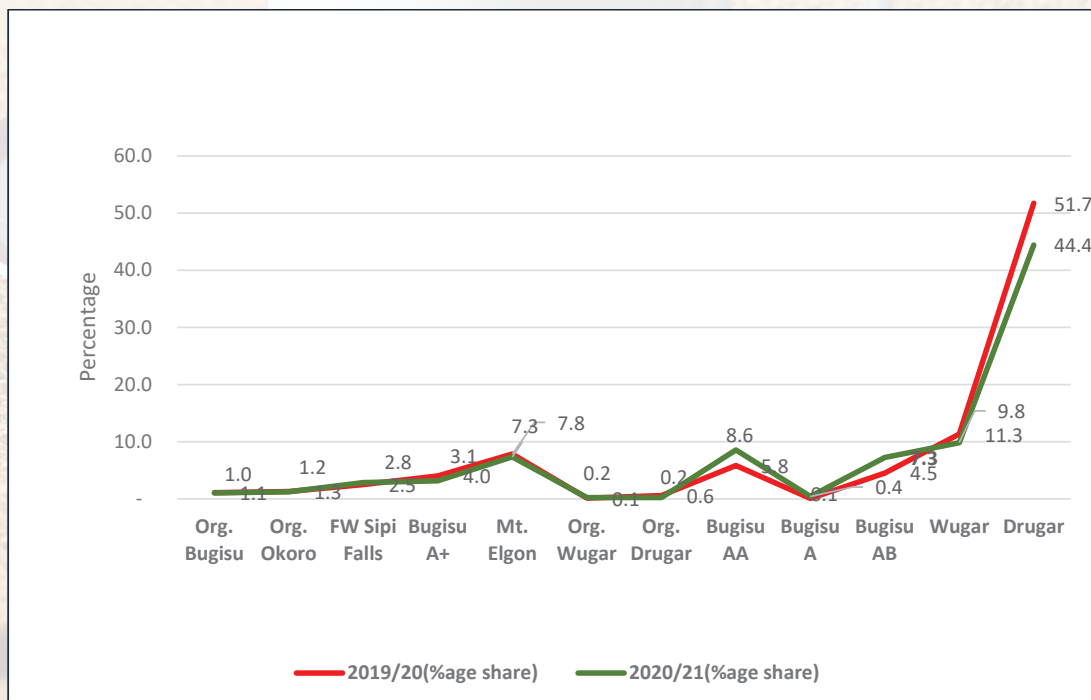


### Arabica Grades

For sustainable/specialty coffees in addition to high grade Conventional Bugisu AA, Mt. Elgon percentage increased from 7.3% of Arabica coffee exports in FY 2019/20 to 7.8% in FY 2020/21 (marginal incremental of only 0.5%). Similarly, Bugisu AA's proportion increased from 5.8% the previous year to 8.6%. Additionally, Wugar's proportion

increased from 9.8% to 11.3% as well as Bugisu AB which increased from 4.5% in FY 2019/20 to 7.3% in FY 2020/21. On the other hand, Drugar exports' proportion of total Arabica exports reduced from 51.7% to 44.4%, a reflection of increased investment in washed coffees in Arabica growing regions (see figure 19 below).

**Figure 20: Comparative exports for Sustainable/Specialty Arabica grades for FY 2019/20 and 2020/21 in Percentages**



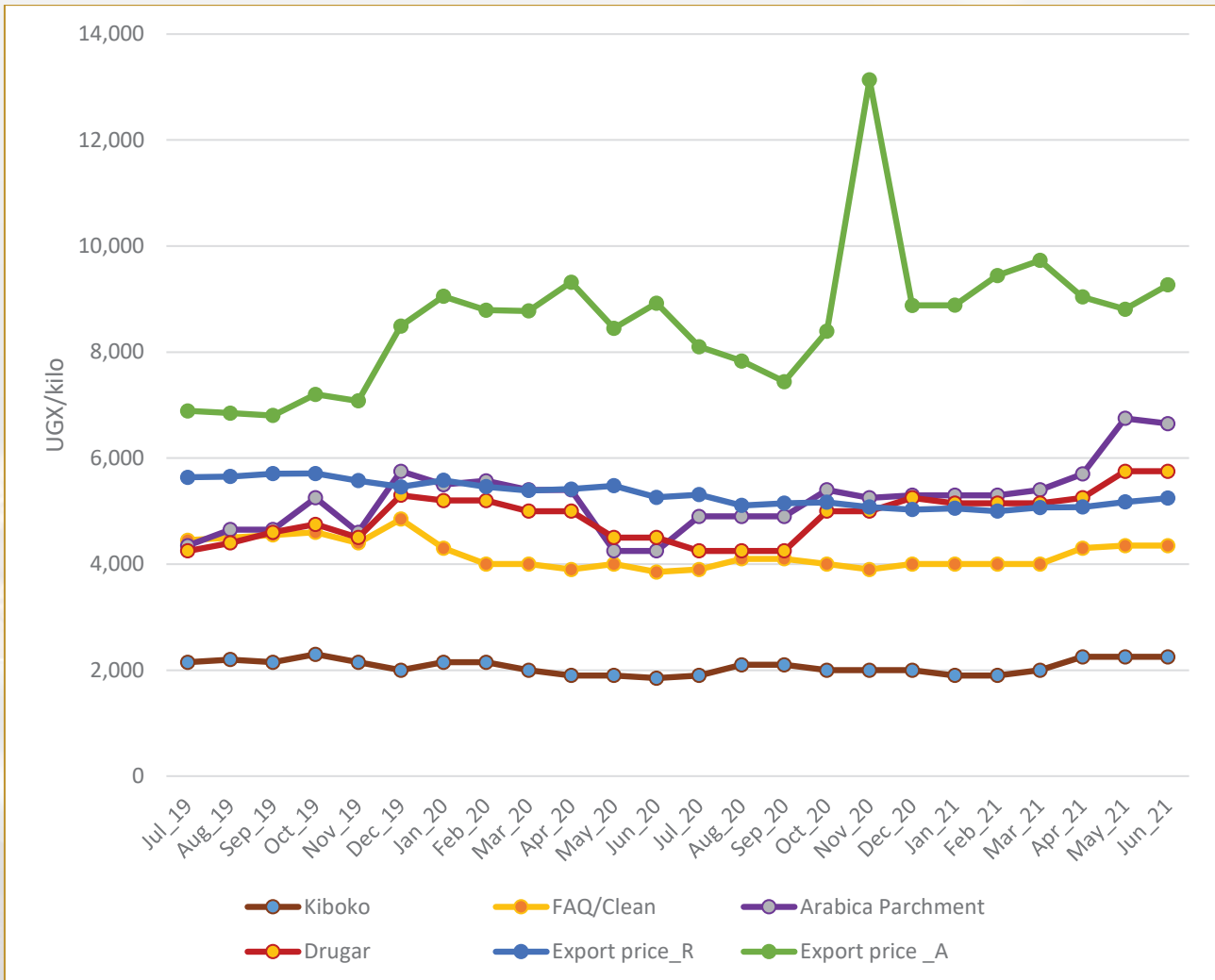


## 4.6 Price Discovery at Farm Level

Figure 21 shows that there was a positive trend in farm gate prices in tandem with the global export prices. Farm gate unprocessed Robusta Kiboko prices ranged from 1,900 to 2,200 per kg. Similarly, Robusta clean coffee (fair average quality) prices

ranged from 3,900 per kg to 4,400/- per kg. The sharp increase was more pronounced in Arabica parchment and Drugar (clean coffee) prices which ranged from 4,900/- per kg to 6,800/- per kg for Arabica parchment and 4,200/- to 5,800/- per kg for Drugar.

Figure 21: Comparison of Coffee Farmgate and Export prices in FY 2020/21

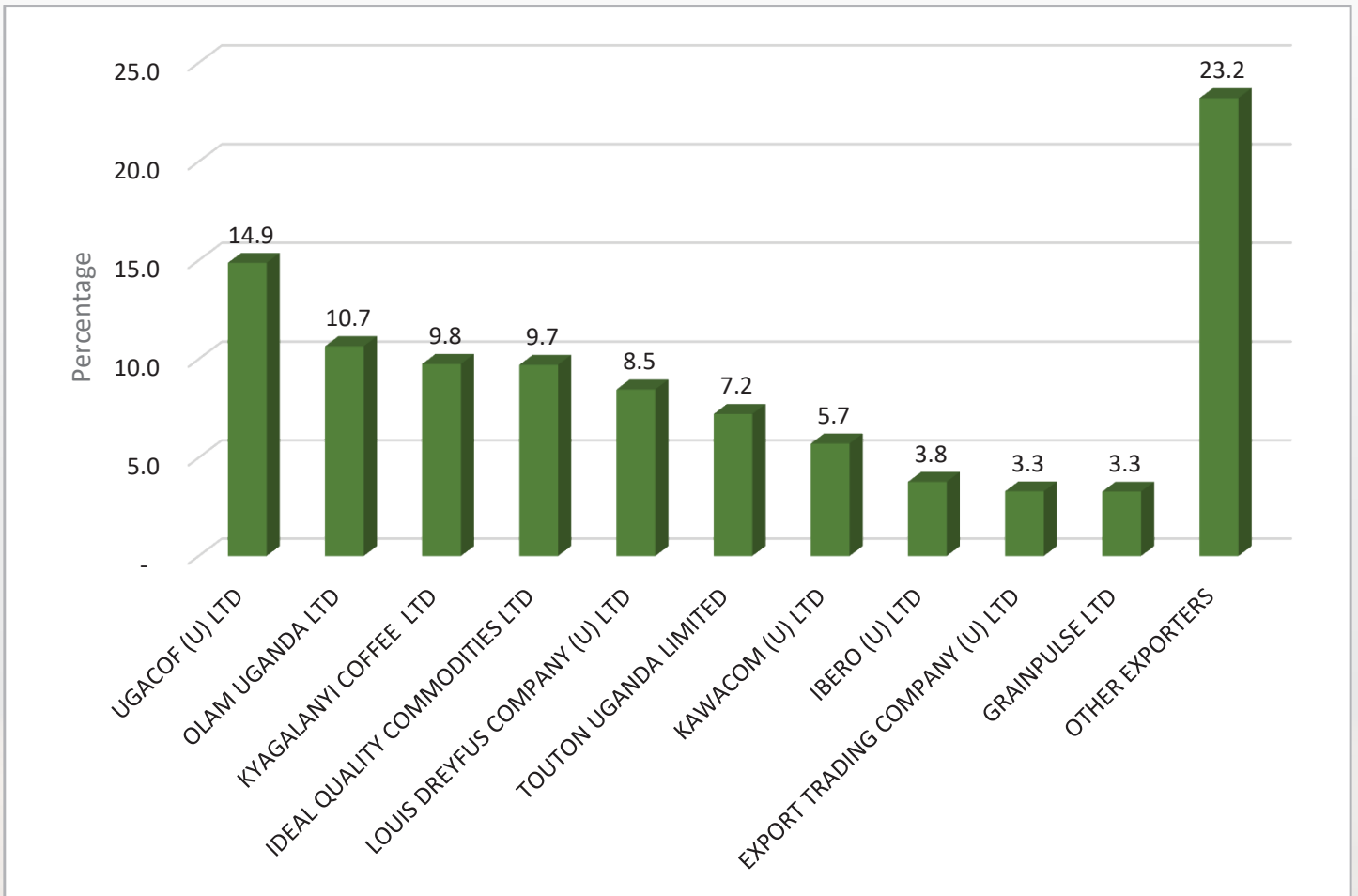


## 4.7 Exporter Performance of Uganda Coffee

Figure 22 shows the performance of coffee exporters in terms of market share. The first 10 had a market share of 77% ranging from 3% to 15%. Ugacof (U) Ltd. led with a market share of 15% compared to 13% the previous year. This was followed by Olam (U) Ltd. with a market share of 11% compared to 9 %; Kyagalanyi Coffee Ltd. 10% (18%); Ideal Quality Commodities 10% (9%); Louis Dreyfus Company (U) Ltd. 8% (4%); Touton Uganda Ltd. 7% (6%); Kawacom (U) Ltd. 6% (8%);

Ibero U) Ltd. 4% (5%); Export Trading Company (U) Ltd. 3% (2%); and Grain Pulse Ltd. 3% (2%). Figures in brackets represents percentage performance in the previous year. The figure shows increasing concentration at exporter level and dominance of multinational companies in Uganda coffee trade. This is good for enhanced efficiency on account of heavy investments in processing and knowledge of global market dynamics on one hand but also poses a risk in case they relocated to other origins.

Figure 22; Coffee Exporters Performance in FY 2020/21 by Market Share



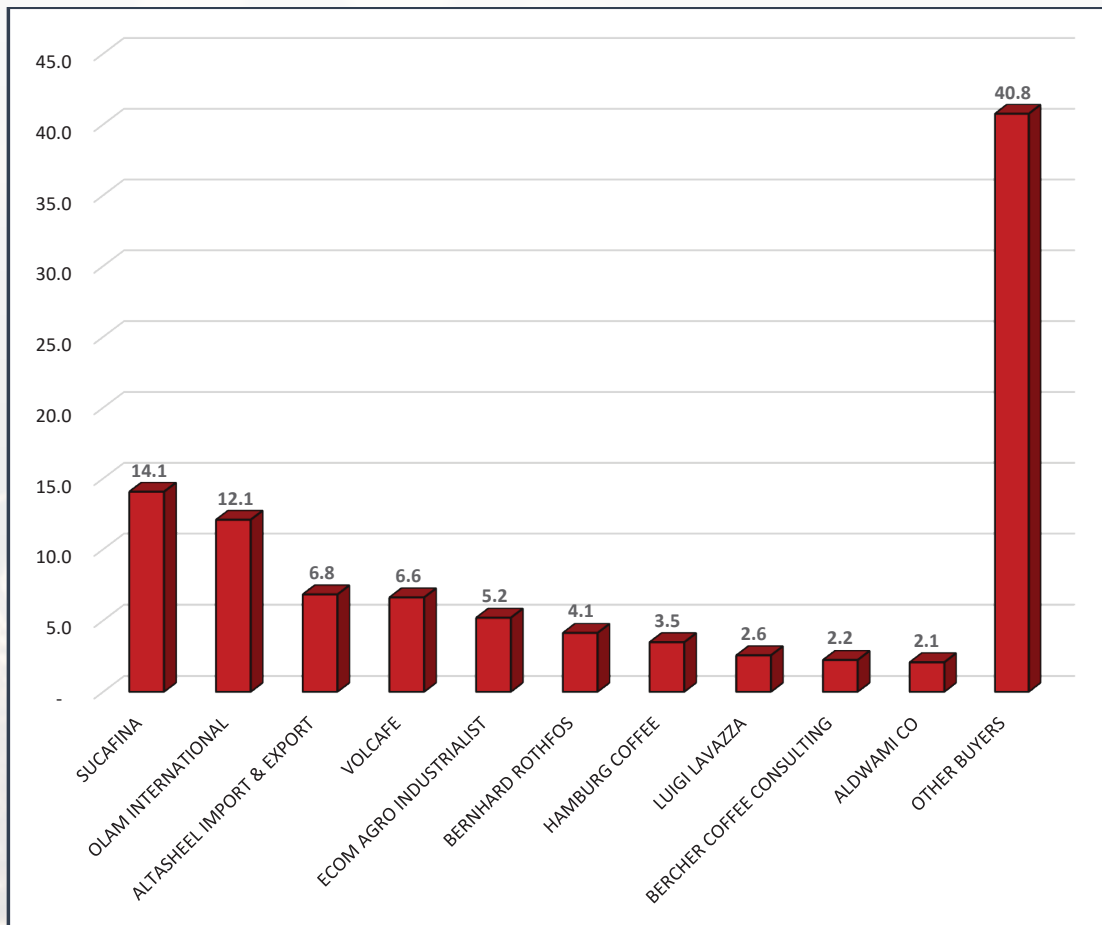
### 4.8 Buyers of Uganda Coffee

Figure. 23 illustrates the major buyers of Uganda coffee during the year. The 10 major buyers had a market share of 59.2% indicating that it is widely demanded by different buyers although the 5 major buyers took a market share of 45%. Sucafina had the highest market share of 14% during the year compared to 14% the previous year. It was followed by Olam International (12%) (11%),

Altasheel Import and Export (7 %) (10%), Volcafe 7% (12%)and Ecom Agro Industrialist 5% (5%). Figures in brackets represent percentage performance in the previous year. Detailed figures can be found on the website: [www.ugandacoffee.go.ug/resource-centre/statistics](http://www.ugandacoffee.go.ug/resource-centre/statistics)



Figure 23; Percentage market share of buyers of Uganda coffee for FY 2020/21

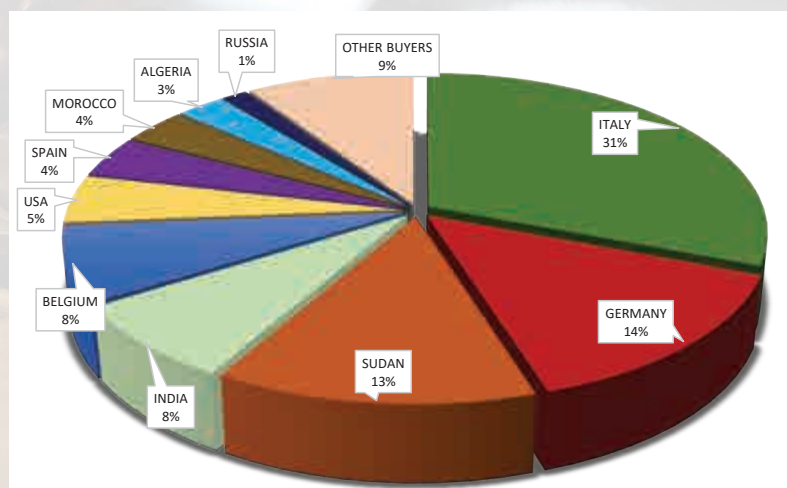


#### 4.10 Destination of Uganda Coffee

Italy continued to dominate Uganda's green coffee exports with a 31% market share compared to 30% in Financial Year 2019/20 followed by Germany 14% (14%), Sudan (13%) (16%) India 8% (7%) Belgium 8% (6% each), USA 5% (5%), Spain (6%) and Morocco 4% (3%), Algeria 3% (0.02%) and Russia 1% (1%) as

shown in Figure 24 below. Figures in brackets represents percentage performance in the previous year. Detailed figures can be found on the website: [www.ugandacoffee.go.ug/resource-centre/statistics](http://www.ugandacoffee.go.ug/resource-centre/statistics).

Figure 24: Destinations of Uganda Coffee in FY 2020/21



## 4.10 Rapid Assessment of the Effect of COVID-19 pandemic on the coffee sub-sector in Uganda

The Authority conducted a rapid assessment of the impact of COVID-19 on the coffee sub sector in Uganda. Results show the pandemic negatively affected access to extension services and credit by farmers due to restricted movements brought about by the lockdown and curfew. As a result, total harvest was low and profits significantly declined. Processors and roasters laid off workers

and bought lower volumes of coffee while forwarders and shippers experienced a shortage of containers. Despite the above, monthly coffee exports and value from February to August 2020 were higher than the same period in 2019. This is a positive development considering the challenges that came with the outbreak of the COVID-19 pandemic earlier in the year.

### RAPID ASSESSMENT OF THE IMPACT OF THE COVID-19 ON COFFEE SUB SECTOR IN UGANDA

#### OBJECTIVES

The main objective of this study was to undertake a quick assessment of the effect of the COVID-19 on different actors along the coffee value chain and provide policy measures to aid recovery. Specifically, the study intended to:

Establish how the COVID-19 pandemic had impacted on the operations of the stakeholders in the coffee value chain in Uganda.

Ascertain/measure the economic losses, if any, incurred so far as a result of the COVID-19 pandemic.

Obtain information on effects of the COVID-19 on employment in the coffee sub-sector

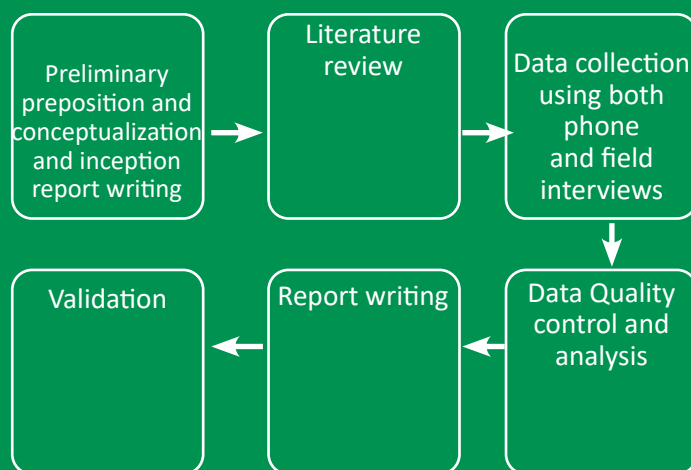
Identify coping mechanisms employed by the different actors to continue operations along the coffee value chain

Provide specific lessons that can be learnt to inform coffee sector policies to build more resilient and sustainable coffee value chain

Provide policy measures, and strategies on how government can provide best recovery of the coffee businesses along the value chain, during and after the pandemic.

#### METHODOLOGY

The analysis covered the main segments of coffee value chain including producers (farmers), coffee buyers, processors, exporters, and distributors (roasters and cafés/coffee shops). It explores the effect of COVID-19 on access to inputs, costs of operation, revenues, and profitability. The assignment execution followed a systematic logic approach as follows;



The study was conducted through a participatory cross-sectional survey, utilizing both qualitative and quantitative designs. Particularly, the study paid attention to the four core functions that are distinguished in the chain: production, coffee buying, processing and distribution as well as externally influencing factors, so as to aid the understanding of the effect of COVID-19 on different components of the coffee value chain, the adaptation mechanisms and the policy options necessary to promote resilience and recovery of the sector from the effects of the pandemic.

Data collection was conducted by phone and supplemented it with field work where access to contacts was hard or network connection was poor and at the request of some of the respondents. The study targeted representation of key coffee growing regions and in these 246 households of farmers were sampled (62: Arabica, 184: Robusta),



49 coffee buyers (22: Arabica, 27: Robusta), 16 processors (9 exporters and 7 roasters) and 10 distributors.

## RESULTS

The study examined access to services such as agro-inputs, extension and credit by farmers, production costs, revenues and profits of different actors, and the effect of COVID-19 on employment. For production level, the results showed that access and use of productivity enhancing inputs such as organic and inorganic fertilizers significantly reduced during COVID period both for Robusta and Arabica growing households. The results for coffee buyers revealed that the quantity of coffee bought and sold significantly reduced, and that COVID-19 affected access to credit, increased operation costs due to lock-downs and curfews, reduced revenues because of the reduction in quantities, which in turn led to a reduction in profits obtained. In the processing level, the analysis of primary and secondary processors revealed that there was under capacity utilization of the processing plants which even existed before COVID-19 but was exacerbated by the pandemic. The quantities of coffee procured by roasters significantly reduced, and that roaster's revenues and profits reduced by 31% and 37% respectively. The study also revealed that Cafes suffered due to COVID-19 and a number of Cafes closed for more than 3 months

## RECOMMENDATIONS

The following are some of the recommendations which are based on the effect of COVID 19 on the different stakeholders;

Promote the use of agricultural enhancing inputs such as fertilizers, pesticides, and irrigation through extension and training but also through direct support with subsidized inputs. Farmers should be organized in groups and cooperative unions so as to enhance the coverage of the input intervention

Provide/facilitate Business support services such as e-commerce for especially for the primary and secondary processors for better business and financial management so as to make them more resilient to shocks like COVID 19.

Address logistical challenges in clearing and exporting coffee which have been caused by COVID-19. Many exporters noted that getting containers for shipping the coffee was the biggest challenge sometimes taking up to 3 weeks to get one. This was exacerbated by the delay in clearance of coffee during export at the border.

### 4.11 Market Information Dissemination

in order to disseminate information to stakeholders across the value chain, a functional call centre with a toll free number 0800 35 35 30 and staffed with 3 trained staff (2 Female, 1 Male) was launched. A total of 804 calls were received and responded to during the period.

### 4.12 Conclusion

This chapter dwelt on the marketing of Uganda coffee domestically and internationally. Ugandan coffee continues to be sought by consumers from various buyers attributed to its unique quality characteristics. The chapter also highlighted quality improvement reflected in high percentages of higher grades (screens 18 and 17) for robersta lower sustainable coffee exports were reduced due to covid 19 pandemic that forced buyers from buying highly priced sustainable specialty coffee. It also highlighted the results of the rapid appraisal of the impact of COVID-19 pandemic on the coffee sub-sector which indicated that all the coffee value chain actors had been affected negatively by COVID-19 pandemic. Nonetheless, coffee exports increased during the COVI-19 pandemic period.



CHAPTER

**05**



# INSTITUTIONAL DEVELOPMENT AND ACCOUNTABILITY

5.0 During the year, a number of governance, labour productivity enhancement initiatives and institutional programmes were implemented including passing of the National Coffee Act 2021 by Parliament, drafting of the coffee new regulations, conducting of a board remuneration survey, recruitment of new staff, publicity related interventions in social media with a major highlight on Uganda's rank as number 3 globally in terms of quality as well as re-branding of the Authority. Compliance with the COVID-19 Standard Operating Procedures (SOPs) was maintained during the period which provided a conducive environment for continuity of service delivery to our clients.

## 5.1 Board and Legal

This section deals with board and legal matters.

### 5.1.a Board

A board remuneration survey was conducted which recommended increased rates for Board members. The report would be presented to the Board for approval.

### 5.1.b Legal Services

The National Coffee Act, 2021 was passed by Parliament and was awaiting assent by the President. Draft Coffee Regulations were reviewed by a Technical Working Group which would be followed by consultative meetings with stakeholders after assent of the Coffee Act by the President.

UCDA handled 12 court cases and filed 5 new ones, responded to 8 notices of intention to sue and duly paid retainer fees and legal costs for the retained external law firm. UCDA received rulings in 6 Court cases.

## 5.2 Human Resource

Management recruited and appointed 26 new staff including 14 Regional Coffee Extension Officers (2 Female), 2 Regional Coffee Technical Officers (2 Males), 6 Quality Assurance Officers (2 Female), 1 Administrative Officer (1 Male), 1 Business Development Innovation Officer (1 Male). At the end of the year, the staff strength was 151 (47 females)

In line with the standard operating procedures for managing COVID 19, UCDA ensures that staff are supported with COVID 19 Protective gear and testing services and treatment. The organisation monitored compliance to COVID-19 prevention guidelines – sanitizing workstations and temperature checks, introduction of a strict face mask policy and social distancing to prevent contagion,

In order to meet the ever changing demands of the coffee sub sector stakeholders, and to be effectively structured to provide the best possible services to them, UCDA reviewed its organisation structure. The exercise was aimed at reorganizing UCDA's business and people processes to better leverage on its resources and position itself to deliver its mandate. Directorate and departmental functions were also aligned to the overall FY 202/21 – 2024/25 Coffee Subsector Strategy targets.

## 5.3 Corporate Communications

The Corporate Communications created visibility and publicity, in the traditional and new media, locally and globally. Communication focused on the organization's activities including coffee production, productivity, quality, consumption and the coffee roadmap initiatives. This resulted in positive feedback on the organisation and increased awareness of the coffee sub sector. Some of the key highlights included a highly publicized interview on BBC, interviews and talk [shows](#) on

local television stations, a weekly roundtable discussion showcasing UCDA's achievements. The organisation also organized television training shows on coffee quality and consumption and sensitized farmers on good agricultural practices on various radio and television stations.

Success stories in the sub sector are produced and disseminated through a quarterly newsletter that is distributed electronically on email and in social media as well as physically at public events and stakeholder meetings.

UCDA rebranded during this period. The rebrand was to guide the organisation into a new way of doing things, mindset change, commitment to the UCDA core values as well as to strive for excellence.

A summary of UCDA's achievements that were communicated during the period include the following:

- The resilience of the coffee sub sector despite the COVID-19 pandemic
- In 2020, Uganda was ranked 3rd country with the best coffee globally by a group of independent specialists who cupped blind samples from different origins.
- The increasing volumes of coffee exports
- UCDA launched a countrywide campaign to stump old coffee trees and distribute organic fertilizers to farmers using farmer organizations/cooperatives as an entry point
- UCDA partnered with religious and cultural institutions to expand the acreage of coffee countrywide.

### **5.3.1 Uganda Coffee demonstrates high resilience despite Covid-19 pandemic**

To commemorate International Coffee Day which happens on October 1 every year, Uganda Coffee Development Authority organized a webinar which brought together key sector players to discuss the impact of the Covid-19 pandemic and how to keep the sector buoyant amidst the pandemic.

Although the pandemic came with an overwhelming cost to the Ugandan economy, Uganda's coffee sub sector was relatively resilient

to the crisis. Since the onset of the crisis, coffee export quantities and values remained consistently higher than the previous financial year. In July, Uganda exported 543,251 60kg bags of coffee worth US\$ 49.78 million (about UGX184.1 billion). This is the highest amount of coffee exports UCDA has registered since the liberalization of the coffee industry in 1991. The biggest share of 152,667 bags was exported to Italy which is the gateway into the European market.

Uganda coffee was on high demand globally and during this period it displaced some of the traditional countries like India which for a long time was the preferred supplier of coffee to the Italian market.

To steer the sector during the pandemic, UCDA put in place a number of measures to keep the industry buoyant including using technology such as Zoom to engage stakeholders, ensuring staff observed standard operating procedures during their engagements with farmers and working with Government to ensure coffee movement continued smoothly despite the nationwide lockdown and delays of cargo trucks at the border.

There were still some challenges such as climate change, limited use of fertilizer and limited value addition to coffee which lowered the returns to coffee farmers. There was also a shortage of extension workers but the Authority worked closely with the Ministry of Agriculture, Animal Industry and Fisheries, district local governments and private sector to provide extension services to coffee farmers.

With regard to marketing Uganda coffee, sub sector players were urged to consider emerging markets such as China where UCDA is working to build demand for Ugandan coffee in both the Chinese and Asian markets.

There is a need for Uganda to position her coffee to take advantage of the emerging specialty market. Despite fears of a global recession the coffee specialty market displayed resilience with rising demand for excellent coffees. Uganda is well placed to capture the increasing demand in the specialty market. According to International Coffee Organisation statistics, it is estimated that for every 1% drop in the global economy, coffee consumption will drop by 0.95%. Exporters need



to broaden their client base, pivot and send more samples if they are to perform better in the New Normal.

### 5.3.2 Uganda ranked 3rd country with best coffee globally

Uganda coffee was ranked 3rd best in the world behind Ethiopia and Kenya by professional coffee tasters in a survey of the top 16 coffee-growing countries in the world. The coffee tasters graded 1,229 coffees from around the world that was harvested from 2010 to 2018 with the top three spots going to African countries. The professional coffee tasters are certified by the Coffee Quality Institute, a non-profit organization that works internationally to improve the quality of coffee and the lives of the people who produce it. The CQI certified coffee graders must pass 22 tests to prove they can grade coffee accurately and consistently by its aroma, flavour, acidity, body, balance and more. A grading scale with a maximum score of 100 was used to score coffees from each of the 16 countries. Ethiopia scored the highest average rating with 84.88, followed by Kenya with an average rating of 84.31 and Uganda came third with an average rating of 84.05. Out of the Uganda coffees that were tested, Arabica coffee owned by Kabum Trading Company in Kapchorwa, Eastern Uganda came top with a score of 86.83. The quality of Ugandan coffee has been improving over the years following massive sensitization conducted by UCDA among coffee farmers.

### 5.4 Administration

The Administration department provides institutional support to UCDA staff and stakeholders for efficient service delivery. To support capacity building the department has designed the proposed training centre and show room at Jinja agricultural show grounds.

### 5.5 Management Information System

UCDA was compliant with international Information Communication Technologies (ICT), received 999 online applications for the advertised posts of

RCEOs, RCTOs, QAOs, as well as shortlisting;

15 representatives from exporters were trained on how to use the Management Information System to apply for licenses, pre-shipment inspection and register contracts

The MIS Department ensured replenished mobile internet data; provisioned internet service to Lugogo, Coffee House and Regional offices to enable timely reporting and enhance communication; and acquired 36 Mobile Devices for Internet Access. On top of that preventive maintenance was done. Annual licenses of software such as Sun System and Windows 10 Operating System, Office 2016 and Bit Defender Antivirus were installed. A backup software to protect data was also procured,

### 5.6 Finance

The finances of the Authority were kept according to international standards. The following were highlighted during the year.

Shs. 180.463 billion was released with NTR and GOU funding of Shs. 30.607 billion and Shs. 149.857 billion respectively, of which, Shs. 80.373 billion related to funding for coffee seedlings arrears. The Shs. 180.463 billion released represented 97% performance against the approved budget of Shs. 186.257 billion, for the period July 2020 to June 2021.

Collected Shs. 22.529 billion for the twelve (12) months' period, July 2020 to June 2021, out of which, Shs. 21.777 billion (97%) and Shs. 752 million (3%) was collected through URA and the collection accounts respectively.

Collected cess revenue of Shs. 20.095 billion against the budgeted Shs. 18.147 billion, 111% of the period budget.

Collected rent revenue of Shs. 1.327 billion against the projected Shs. 1.225 million, 108% performance.

Donor funding-Shs. 443 million was received as per the program estimate, as planned, in the period.

Spent Shs. 173.149 billion cumulatively, for the period July 2020 to June 2021 representing 96% performance against the twelve (12) months releases of Shs. 180.463 billion.

## 5.7 Conclusion

This chapter dwelt on the institutional development and accountability. The coming into force of the National Coffee Act, 2021 will go a long way in strengthening UCDA's mandate to regulate, promote and oversee the quality of coffee along the entire value chain, support research and development, promote production, and improve the marketing of coffee in order to optimize foreign exchange earnings for the country and payments to the farmers. The review and reorganization of the Authority's structure will enable it to deliver on this mandate going forward.

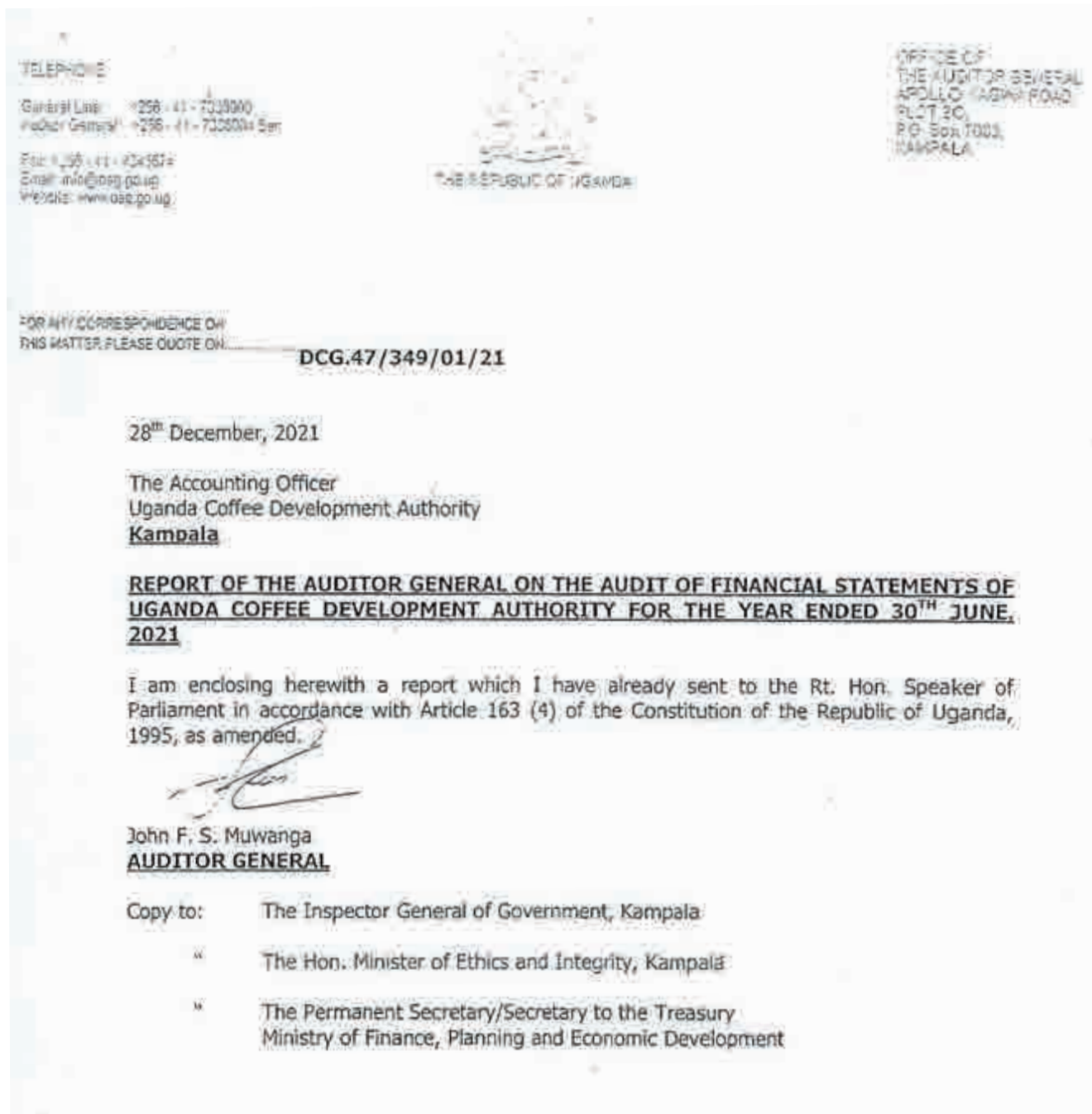
Financial performance reflects efficient utilization of resources while development of covid-19 response measures ensured that flow of exports is not significantly affected.

Uganda's positioning as the third globally in term of quality gives confidence to the industry actors to continue improving coffee quality right from the farm to cup.





# REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF UGANDA COFFEE DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 30TH JUNE 2021



Government of the Republic of Uganda  
Financial Statements for the Financial Year ended 30 June 2021

*Uganda Coffee Development Authority*

**Statement of Financial Performance**

[Based on classification of expenditures by nature]

	Note	Actual 30 June 2021 (Shs)	Actual 30 June 2020 (Shs)
<b>OPERATING REVENUE</b>			
Taxes	2	-	-
External Assistance	3	-	-
Transfers received from Treasury- UCF	4	173,117,185,582	89,417,999,266
Transfers received from Other Government units	5	-	-
Non Tax revenue	6	22,474,484,725	20,899,193,883
<b>Total operating revenue</b>		<b>195,591,670,307</b>	<b>110,317,193,149</b>
<b>OPERATING EXPENSES</b>			
Employee costs	7	12,390,490,681	13,524,185,971
Goods and services consumed	8	34,460,005,606	58,586,572,392
Consumption of property, plant & equipment	9	1,076,229,024	274,755,240
Subsidies	10	-	-
Transfers to other Organizations	11	1,579,724,289	1,315,109,494
Social benefits	12	-	-
Other operating expenses	13	87,475,989	32,934,472
<b>Total operating expenses</b>		<b>49,593,925,589</b>	<b>73,733,557,569</b>
Excess of revenue over expenditure from operating activities		145,997,744,718	36,583,635,580
Foreign exchange loss /Gain	14	-	-
Finance costs	15	-	-
Bad debts expense	16	-	-
Transfers to Treasury	17(a)	22,530,420,896	(19,838,375,913)
<b>Excess of Revenue over expenditure for the year</b>		<b>123,467,323,822</b>	<b>16,745,259,667</b>

  
 Emmanuel Ivanulemye Niyibigira  
 Accounting Officer



Government of the Republic of Uganda  
Financial Statements for the Financial Year ended 30 June 2021

*Uganda Coffee Development Authority*

Reconciliation between total expenditure per Appropriation Accounts and per Statement of Financial Performance

	Actual 30 June 2021 (Shs)	Actual 30 June 2020 (Shs)
Total expenditure per Appropriation Account	173,132,833,396	89,050,075,989
<b>Add:</b>		
Letters of credit receivable prior year but delivered during the year		
Accrued expenditure	16,699,179,350	42,071,419,746
Prepayments performed	172,437,186	
Advances performed-un accounted for funds	35,560,080	
<b>Less:</b>		
Letters of credit receivable at year-end	14,420,778,996	
Domestic Arrears paid from the arrears funding	80,373,239,334	57,387,938,166
Domestic arrears paid from other line items	43,640,824,190	
Subvention arrears paid-international obligations (IACO)	209,394,000	
Salary arrears paid-contract gratuity	1,183,709,646	
Insurance on staff motor vehicle car loan-recognized	132,492,907	
Funding for the car loan scheme-recognized	485,443,350	
<b>Total Expenditure per Statement of Financial Performance</b>	<b>49,593,925,589</b>	<b>73,733,557,569</b>



Emmanuel Iyamulemye Niyibigira  
Accounting Officer

Government of the Republic of Uganda  
Financial Statements for the Financial Year ended 30 June 2021

**Eganda Coffee Development Authority**

Interest expense and any other expense on borrowings are recognized in the Statement of Financial Performance when they fall due.

**(xxiii) Employee benefits**

Employee benefits include salaries, and other related-employment costs. Employee benefits are recognized when incurred. No provision is made for accrued leave or reimbursable duty allowances.

**(xxiv) Contingent liabilities and assets**

Contingent liabilities are disclosed in a memorandum statement (Statement of Contingent liabilities) of the entity when it's probable that an outflow of economic benefits or service potential will flow from the entity or when an outflow of economic benefits or service potential is probable but cannot be measured reliably. Contingent liabilities comprise government guarantees issued, court awards that have been appealed by the Attorney General, those arising from Public Private Partnerships (PPPs) etc. Non-quantifiable contingent liabilities are disclosed in the memorandum statement of Non-quantifiable contingent liabilities. Contingent assets are neither recognized nor disclosed.

**(xxv) Outstanding Commitments**

Commitments include operating and capital commitments arising from non-cancelable contractual or statutory obligations. Loan interest due but not paid is recognized in the Statement of Financial Position. The loan interest not yet due for payment is not recognized but disclosed. Outstanding commitments relating to non-cancelable contractual or statutory obligation where goods have been delivered or service provided are included in the statement of financial position as payables and in the Statement of Outstanding Commitments to the extent of the appropriation.

**(xxvi) Public Private Partnerships**

Any investment by the Government in a Public Private Partnership may be through a joint venture or as an associate or as a major shareholder. Except for the latter, these are accounted for as investments whether held for trading purposes or otherwise. The financial statements in that case are consolidated as if the other entity is a controlled entity in accordance with IPSAS 38.

In other instances, where the Government provides certain guarantees which could crystallize and result into an outflow of resources, the guarantees are quantified and disclosed in the memorandum Statement of Contingent Liabilities. The amounts disclosed as part of contingent liabilities represent the most likely outflow of resources should certain events crystallize which are assessed annually. If the events crystallize, the amounts become payables through the Statement of Financial Performance and Statement of Financial Position on an accrual basis.

**Other Notes to the Financial Statements**

**Note 1(b): Exchange Rates**

All monetary amounts in the financial statements are expressed in Uganda Shillings, the functional currency. The Uganda Shilling closing rates (the Bank of Uganda middle rate) for major currencies were:

	30 June 2021	30 June 2020
United States Dollar		
British Pound		
Euro		



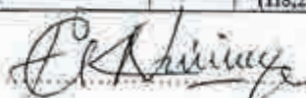
Government of the Republic of Uganda  
Financial Statements for the Financial Year ended 30 June 2021

*Uganda Coffee Development Authority*

**Note 27: Adjustments to reserves**

This includes adjustments if any made on assets (cash and cash equivalents, receivables, investments, investment properties, non-produced assets) and liabilities (borrowings, payables, deposits received, pension and gratuity liabilities)

	Notes	Opening balance 1 <sup>st</sup> July 2020 Shs	Adjustments to the opening balance Shs	Transfer- s to UCF (Prior year balance) 17(b)	Recovery or payments towards the opening balance Shs	Net asset or liability incurred/acquir- ed during the year Shs	Closing balance 30 June 2021 Shs
<b>ASSETS</b>							
Cash and Cash equivalents	18	56,824,239	7,523,395			(56,860,391)	7,478,243
<b>Receivables</b>	19						
Accrued Revenue		1,894,097,479	-	-	1,738,846,511	17,311,707,105	17,666,058,073
Loans & Advances		33,560,080	-	-	33,560,080	-	-
Letters of Credit		-	-	-	-	-	-
Prepayments		172,437,186	-	-	172,437,186	-	-
Other receivables (ex- cept loan)		1,269,345,091	-	-	748,857,935	-	520,487,156
Investments	20	-	-	-	-	-	-
Investment Properties	21	-	-	-	-	-	-
Non-Produced assets	25	-	-	-	-	-	-
<b>LIABILITIES</b>							
Borrowings	23	-	-	-	-	-	-
Payables	24	121,706,945,846	10,038,146,124	-	125,407,367,170	16,699,179,350	23,036,004,150
Deposits	25	-	-	-	-	-	-
Pensions	26	-	-	-	-	-	-
<b>Total</b>		<b>(118,278,681,771)</b>	<b>(10,030,622,729)</b>		<b>(122,711,665,458)</b>	<b>755,658,364</b>	<b>(4,841,980,678)</b>



Emmanuel Iyamulemye Niyibigira  
Accounting Officer

	<p>Authority to these organizations. I could not ascertain how much the Authority should contribute every year to these organizations and costs or penalties to be paid in the event of failure to settle the contributions.</p>		<p>proceeding years.</p> <p>For the Inter-Africa Coffee Organization (IACO), contributions are calculated on the ICO moving average of exports in the four proceeding years according to article 15(2) of IACO Agreement 1998.</p>	
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**Recommendation**

The Accounting Officer was advised to ensure that all the recommendations are fully implemented.

**Appreciation**

Finally, I express my sincere appreciation to the staff of the Uganda Coffee Development Authority for the co-operation and assistance rendered to my staff during the course of the audit.



John F.S. Muwanga  
**AUDITOR GENERAL**  
**Kampala**  
 28<sup>th</sup> December, 2021







## Uganda Coffee Development Authority



### Uganda Coffee Development Authority

Coffee House, Plot 35 Jinja Road,  
P. O.Box 7267,Kampala, Uganda

**Tel:** (+256)-414-256940/312-260470

**Fax:** +256-414-256994

**Email:** [info@ugandacoffee.go.ug](mailto:info@ugandacoffee.go.ug)

**Website:** [www.ugandacoffee.go.ug](http://www.ugandacoffee.go.ug)

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