



Uganda Coffee  
Development Authority

## ANNUAL REPORT 2016/17



Volume 26





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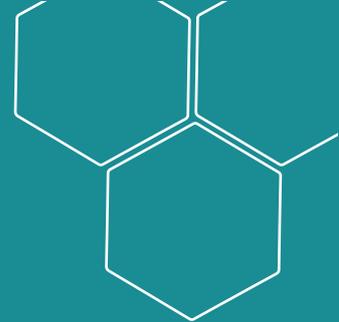
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# Acronyms / Abbreviations

4Cs	Common Code for Coffee Communities	LGs	Local Governments
ABC	Africa Barista Championship	MAAIF	Ministry of Agriculture, Animal Industry & Fisheries
aBi	Agri Business Trust	MG	Milligrams
ACSS	African Crop Science Society	MC	Moisture Content
AFCA	African Fine Coffees Association	MoFPED	Ministry of Finance, Planning and Economic Development
AGT	Agro Technology Laboratory	MoLG	Ministry of Local Government
BAP	Benzyl Amino Purine	MUK	Makerere University Kampala
BAPs	Best Agronomic Practices	MUST	Mbarara University of Science and Technology
BC	Black Crosses	NAADS	National Agricultural Advisory Services
BCCCL	Beijing Chenao Coffee Co. Ltd	NaCORI	National Coffee Research Institute
BCTB	Black Coffee Twig Borer	NaCRRRI	National Crop Research Resources Institute
BCU	Bugisu Co-operative Union	NARO	National Agriculture Research Organisation
BOD	Board of Directors	NBS	National Broadcasting Services
BUCADEF	Buganda Cultural Development Foundation	NCS	National Coffee Strategy
CBN	Community Based Nurseries	NEDS	National Export Development Strategy
CPD	Continuous Professional Development	NGOs	Non-Governmental Organisations
CQI	Coffee Quality Institute	NUCAFE	National Union of Coffee Agribusinesses and Farm Enterprises
COSASE	Committee on Statutory Authorities and State Enterprises	OT	Out-turn
CSO	Civil Society Organisation	OWC	Operation Wealth Creation
CVC	Coffee Value Chain	PC	Principle Component
CWD	Coffee Wilt Disease	PFA	Prosperity For All
CWDr	Coffee Wilt Disease Resistant	PHHPS	Post-Harvest Handling Practices
CY	Coffee Year	PMU	Privatisation Monitoring Unit
DAOs	District Agricultural Officers	PPDA	Public Procurement and Disposal of Public Assets Authority
DCS	Directorate of Corporate Services	RFA	Rain Forest Alliance
DDS	Directorate of Development Services	R&G	Roast and Ground
DNA	Deoxyribonucleic Acid	RBME	Results Based Monitoring and Evaluation
DQRS	Directorate of Quality and Regulatory Services	SCAA	Specialty Coffee Association of America
DSBD	Directorate of Strategy and Business Development	SCAE	Specialty Coffee Association of Europe
DGAL	Directorate of Government Analytical Laboratory	SCAJ	Specialty Coffee Association of Japan
EU	European Union	SPS	Sanitary and Phytosanitary Standards
FAQ	Fair Average Quality	TC	Tissue Culture
FICA	Farm Inputs Care	ToH	Taste of Harvest
FY	Financial Year	UCDA	Uganda Coffee Development Authority
FFS	Farmer Field School	UCF	Uganda Coffee Federation
GAPs	Good Agricultural Practices	UCU	Uganda Christian University
GHPs	Good Handling Practices	UF	University of Florida
GIS	Geographical Information System	UMA	Uganda Manufacturers Association
GITC	Guangdong Innovative Technology College	UNAA	Ugandan North American Association
GoU	Government of Uganda	UNADA	Uganda National Agro-Input Dealers Association
GMPs	Good Manufacturing Practices	UNCTC	Uganda National Cup Tasters Championship
GPHHPs	Good Post-Harvest Handling Practices	UNCC	Uganda National Chambers of Commerce
GPS	Global Positioning System	UNCS	Uganda National Coffee Strategy
IACO	Inter-Africa Coffee Organization	UNBS	Uganda National Bureau of Standards
ICA	International Coffee Agreement	UBC	Uganda Broadcasting Corporation
ICC	International Coffee Council	USAID	United States Agency for International Development
ICO	International Coffee Organisation	USAID - EtF- EEA	USAID Feed the Future Enabling Environment in Agriculture Activity
IFMS	Integrated Finance Management System	USDA	United States Department of Agriculture
IITA	International Institute of Tropical Agriculture	UTZ	Internationally Recognized Certification Standard
IPM	Integrated Pest Management	WBC	World Barista Championship
IUIU	Islamic University In Uganda	WFD	World Food Day
IRD	Institute for Development Research	WTO	World Trade Organization
IT	Information Technology	ZARDI	Zonal Agricultural Research and Development Institute
JASAR	Joint Agricultural Sector Annual Review		
KARI	Kawanda Agricultural Research Institute		
KIU	Kampala International University		
KPMG	Klynveld Peat Marwick Goerdeler		
KYU	Kyambogo University		
LEAD	Leveraging Excellence for Agricultural Development		





# FOREWORD

In the financial year, 2016/17, we witnessed some key milestones the practical implication of which have the potential to transform the coffee industry drastically quite fast. The first one was in April, 2017 when H.E. the President, Yoweri Kaguta Museveni, while presiding over the celebrations to mark UCDA's 25 years since its existence, launched the blueprint dubbed the Coffee Road map aimed at production of 20 million 60kg bags of coffee annually by the year 2025 most of which would be exported. The Roadmap has 9 initiatives that address the entire coffee value chain from production through to consumption. The year also witnessed a significant increase in both volume and value of coffee bags exported to 4.2 million, the second highest since liberalization in 1991. The corresponding value was also equally high with US\$ 489 million realized. The weighted average unit value of US\$ 1.95 per kilo was also US cents 30 higher than the previous year. While the increase in unit value is attributed to higher global prices for the 2 coffee types, the increase in exports was on account of two major factors:

- favourable weather in most growing regions, although the first quarter of the year had been affected by a severe drought with a resultant lower yield and production from the main harvest in Masaka and South-Western regions and consequently reduced exports than we would have shipped.
- the newly planted coffee trees which started yielding during the period under review.

In order to serve the industry better, UCDA continued to increase its outreach through recruitment of more field staff as well as other specialized disciplines such as legal and management Information System (MIS). The staff strength stood at 109 (38 female) at close of the year up from 92 the previous year. This was part of the initiatives to implement the 3-year UCDA Corporate Plan 2015/16-2017/18 in line with the National Coffee Strategy 2015/16-2019/20 which has 4 thematic areas: Production and Productivity; Quality Improvement and Value Addition; Market Intelligence and Research and Institutional Development and Accountability.

During the year, 2 strategies were launched namely: the Coffee Sub-Sector Communication Strategy and the Domestic Coffee Consumption Communication Strategy (DCCCS). The first is intended to communicate to stakeholders the progress on the various interventions as well as receiving feedback from our valued clients. The second addresses behavioural change among Ugandans to begin drinking coffee and consider it as a preferred beverage.

Uganda has continued to participate in the Annual General Assemblies of the Inter African Coffee Organisation (IACO). This year's Annual General Assembly held in Yaoundé, Cameroon, also hosted the fourth African coffee symposium and the Second Coffee Scientific Conference. The presentations hinged on increasing productivity, promotion of intra-African trade, the challenges of domestic transformation and how to overcome them as well as mobilizing youth and women in the African coffee industry.

Relationship with our development partners and stakeholders continued to strengthen and this helped to enhance Uganda coffee's competitiveness. We are grateful to the 20 or so coffee experts who shared their knowledge and experience in a one-week intensive dialogue facilitated by consultants while developing the Coffee Roadmap. What we shall embark on is to develop an implementation plan and cost it. UCDA is indebted to the Parliamentary Coffee Platform and the Ministry of Agriculture, Animal Industry and Fisheries. They severally made our work a lot easier.

Finally, I wish to express my sincere appreciation for the Board of directors, management and the entire staff for their individual and group contribution to the exciting performance we saw during the year. Often staff defied odds of inadequate resources to achieve targets. The Board and I certainly look forward to sustained growth of the Authority propelled by the unwavering resolve of the men and women on the pay roll.

I thank you one more time.

Perez Bukumunhe FCIB  
UCDA Board Chairman



## 4.2m



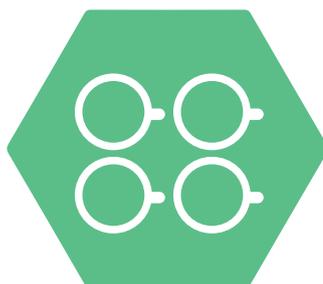
We realized a significant increase in both quantity and value this year whereby 4.2 million bags were exported, the highest since 1996/97 year

# KEY

ACHIEVEMENTS  
2016-2017



Marketing



Quality and Generic  
Promotion



Production



Research



Administration  
and Governance

## VISION

A sustainable coffee industry with high stakeholder value for social economic transformation

## MISSION

To facilitate increase in quality coffee production, productivity, and consumption

## MANDATE

To promote and oversee the coffee industry as a whole by developing research, quality control, improving marketing of coffee and to provide for other matters connected there with.

## VALUES

- Professionalism
- Accountability
- Client Focus
- Teamwork
- Integrity
- Leadership

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# Message from the Managing Director

**T**he Financial Year 2016/17, the second year of implementation of the 3-year UCDA Corporate Plan 2015/16-2017/18, was a very eventful one. UCDA partnered with a number of stakeholders to forge a way forward for the implementation of the Coffee Roadmap launched by the President of Uganda, H.E. Yoweri Kaguta Museveni in April 2017 targeted to produce and export 20 million bags per year by 2025. The enthusiasm which was exhibited by different stakeholders while developing the Coffee Roadmap showed the rich experience Uganda has, which, if turned into action, will enable us realize the target.

The Coffee Roadmap comprises nine initiatives which include building structured demand with China; branding Uganda coffee; support to value addition; strengthening farmer organizations/cooperatives for commercialization; promotion of joint ventures and concessions on underutilized productive land; promotion of quality planting materials; improving access to quality inputs; and developing coffee finance programme. We plan to develop a detailed implementation plan for the Roadmap during the next financial year.

In order to actualize this ambitious target, UCDA signed a number of Memoranda of Understanding (MOUs) with key stakeholders for collaboration in the implementation of the Coffee Roadmap. Key among the partners are District Local Governments and Operation Wealth Creation; Uganda Cooperative Alliance; Uganda Prisons Service and the Buganda Cultural and Development Foundation (BUCADEF). We also enhanced our staff strength from 98 to 109 (38 female) with emphasis on more field staff to widen the outreach to farmers.

To effectively communicate to stakeholders and also obtain feedback from our clients in regard to UCDA's service delivery, two communication strategies were developed, namely the Coffee Sub-sector Communication Strategy and the Domestic Coffee Consumption Strategy. The second strategy is expected to change the behavior of Ugandans from a tea to a coffee drinking culture.



“

The staff in all Directorates continued to deliver services to fulfil our mandate. Their efforts, hardwork and dedication is much appreciated.

As a result of the concerted efforts, we saw exports grow from 3.56 million bags to 4.18 million bags of coffee, the highest since 1995/96 year when 4.24 million bags were exported. However the exports fetched a relatively lower value of US\$ 355 million compared to US\$ 489 million realized in FY2016/17. The increase in exports was pegged to the coffee replanting programme with the coffee trees coming into maturity and the prevailing favourable weather in most coffee growing regions. The increase in value was due to relatively higher global prices on account of lower production levels from major origins such as Brazil (especially Robusta) and Vietnam.

The staff in all Directorates continued to deliver services to fulfil our mandate. Their efforts, hard work and dedication are much appreciated.

We also appreciate the financial support from USAID-FtF-EEA, aBi Trust and European Union Delegation in Uganda.

I am thankful to the Board and all other stakeholders for their support during my first year in office.

Lastly, I urge everyone to read the annual report as a reference to all coffee-related matters.



Emmanuel Iyamulemye Niyibigira,

18%

increase in volume.



As a result of the concerted efforts, we saw exports grow from 3.56 million bags to 4.18 million bags of coffee

# The Board of Directors



**Dr Emmanuel Iyamulemye**  
Managing Director



**Perez Bukumunhe**  
Board Chairman



**Professor Julius Y.K Zake**  
Board Member



**Frederick Luzinda**  
Board Member



**Ishak Lukenge**  
Board Member



**John Nuwagaba**  
Board Member



**Dr Albert Musisi**  
Board Member



**Michael Nuwagaba**  
Board Member



**Richard Okot**  
Board Member



**Rose Kato**  
Board Member



**Beatrice Byarugaba**  
Board Member



The functions of the Board are basically to provide policy direction in order to make Uganda Coffee

more competitive nationally and globally.



Under the Uganda Coffee Development Authority, Statute, 1991 (amended in 1994), UCDA is governed by a Board of Directors consisting of 11 members: Chairman of the Board; a representative from the Ministry responsible for cooperatives and marketing; a representative from the Ministry responsible for finance and economic planning; a representative from the Ministry responsible for agriculture; two representatives of coffee farmers; two representatives of coffee exporters; two representatives of coffee processors; and the Managing Director.

A member of the Board other than the Managing Director, holds office for a term of three years and shall not exceed two consecutive terms. The functions of the Board are basically to provide policy direction in order to make Uganda Coffee more competitive nationally and globally. In this regard, it plays an oversight role to Management to ensure that the National Coffee Strategy and the UCDA Corporate Plan are in line with global and national development frameworks. It also monitors implementation of annual plans to confirm that they have been effectively and efficiently executed. The Board has 3 committees: Technical; Audit; and Finance & Policy.

# Directors



**Mr. Andrew Kilama Lajul**  
Board Secretary and Director  
Corporate Services



**Mr. Apollo Kamugisha,**  
Ag. Director Development  
Services



**Mr. Edmund Kananura**  
Director Quality and  
Regulatory Services



**Mr. Samuel S. Omwa**  
Ag. Director Strategy and  
Business Development

# Senior Management Team



**Mr. Eliot Ainomugisha**  
Procurement Manager



**Mr. Frederick Sewaya**  
Regional Manager-Eastern



**Mr. James Kizito M**  
Market Intelligence &  
Information Manager



**Eng. Robert Tumwesigye**  
Ag. Regional Manager-  
South-Western



**Mr. Lutaakome S. Edward**  
Regional Manager-Central



**Nina Nassuna**  
Manager Finance



**Mr. William Rugadya**  
Audit and Compliance  
Manager



**Ms. Liza Luseesa**  
Regional Manager, Western



**Mr. Michael Mugenyi**  
Administration Manager



**Ms. Lydia Kitakufe**  
Management Information  
Systems Manager



**Ms. Doreen Rweihangwe**  
Quality Assurance Manager



**Ms. Eunice Kabibi**  
Legal Manager



**Mr. Jimmy Baluku**  
Extension Manager



**Ms. Angelita Musimenta**  
Human Resource Manager



**Mr. Mike Maliro**  
Technology Development  
Manager



**Mr. Isaac Chepukurui**  
Regional Manager, Northern



**Ms. Laura Walusimbi**  
Corporate Communication  
Manager



**Mr. Samson Akankiza**  
Coffee Sustainability Manager

# Executive Summary

## Marketing

1. In Financial Year 2016/17, Uganda exported 4.19 million 60-kilo bags (251,156 tonnes) valued at \$ 489.78 million. This reflected an increase of 17.69% and 39.33% in volume value compared with 3.56 million bags (231,402 tonnes) worth \$ 351.53 million exported the previous year. The exports were composed of 3.19 million bags (191,289 tonnes) of Robusta worth \$ 249.25 million compared to 2.70 million bags (161,797 tonnes) valued at as \$ 249.25 million exported in 2015/16 and 1.00 million bags (59,868 tonnes) worth \$ 102.29 million compared to 0.86 million 2015/16.
2. The weighted average export price stood at \$ 1.95 per kilo, 30 cents higher than \$ 1.65 realized in Financial Year 2015/16. The weighted average export price for Arabica stood at \$ 2.35 per kilo, 37 cents higher than \$ 2.92 per kilo realized in the previous year. Robusta's weighted export price was \$ 1.83 per kilo, 29 cents higher than \$ 1.54 per kilo realized in 2015/16 financial year. The increment in the weighted realized export price was in tandem with the global price trend.
3. The closing stocks as on 30th June 2017 stood at 986,658 bags of coffee. This comprised 794,845 bags of Robusta and 181,813 bags of Arabica. The closing stocks for the Financial Year 2016/17 were 30% higher than the opening stocks especially Robusta Coffee on account of hoarding by exporters who were anticipating for higher prices in the future.
4. Sustainable coffee exports amounted to 139,445 bags worth \$ 21.81 million compared to 116,921 bags valued at \$ 16.34 million in Financial Year 2015/16, an increase of 19% and 33% in volume and value respectively. This was a 3.03% market share of total export marginally lower than last year (3.3%). Correspondingly, the value share was 4.01% similar to last financial year.
5. For Robusta coffee, Robusta UTZ and Organic Robusta fetched \$ 2.37 and \$ 2.23 per kilo respectively. The ten top buyers of Uganda coffee held a market share of 60.02% compared to 59.57% last year, reflecting increased concentration at the buyer level (table 7)
6. In Arabica, Sipi Falls fetched the highest price of \$ 3.96 per kilo, 29 cents higher than conventional Bugisu AA price of \$ 2.67 per kilo, a lower premium than last year which was 45 cents. This was followed by White Nile and Mt. Elgon A+ which fetched \$ 3.71 and 3.17 per kilo, 104 and 50 cents higher than conventional Bugisu AA respectively.
7. Organic Wugar fetched a price of \$ 2.66 per kilo, a 22 cents premium over Wugar. Organic Drugar fetched \$ 2.72 per kilo, a premium of 42 cents over conventional Drugar. Worth noting is the increase in exports of higher Robusta grades (Screens 18,17 and 15) compared to last year's.
8. Of the 72 coffee exporting companies registered, only 57 or 79% performed during the year. The best 10 had a 77% of the market share compared to 78% and 77% in FY 2015/16 and FY 2014/15 respectively. This demonstrates stability and efficiency at this level although it also shows increasing concentration. Eight (8) companies exported Robusta Coffee only, 17 only Arabica and 32 exported both types of coffee.

The bulk of Ugandan coffee exports continue to be destined to European Union

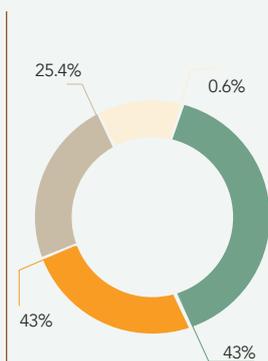
**2.55** million bags (61%) were exported to European Union (EU) countries almost similar to the previous year.



9. The bulk of Ugandan coffee exports continue to be destined to European Union. A total of 2.55 million bags (61%) were exported to European Union (EU) countries almost similar to the previous year. Exports to Sudan amounted to 0.61 million bags (15%) compared to 0.49 million bags (14%) the previous year, 2015/16. India followed with a 5% market share compared to 4% the previous year. Tunisia had a market share of 4% compared to less than 1% last year followed by USA with a 4% % market share compared to 3% last year.
10. Direct exports to new emerging markets: India, China, Japan, South Korea, Singapore, Taiwan, Mexico, Russia and Turkey totaled 346,002 bags with India taking an import share of 58%.
11. The ten top buyers of Uganda coffee held a market share of 60% almost similar to last year. Sucafina continued to maintain the lead with a market share of 12% lower than the 17% in the previous year. A total of 225 buyers sought for Uganda coffee during the year compared to 190 in Financial Year 2015/16 reflecting increased demand for Uganda coffee.

## Quality and Generic Promotion

1. A total of 776 FAQ coffee samples (616 Robusta and 160 Arabica) were analyzed at exporter level using the export grading form 5. This was a high performance that was achieved through increased inspection of FAQ deliveries at that level. The moisture content, screen retention above screen 15 and out turn were 13.0%, 72.1% and 82.0% respectively for Robusta export delivery samples. While, the moisture content, screen retention above screen 16, out turn and defects were 12.6%, 76.3% and 79.5% respectively for Arabica samples.
2. Industrial players were trained in best handling and manufacturing practices, machine maintenance and best hygiene practices at post-harvest level.
3. In the field of quality assurance, the percentage of clean cups was maintained at high levels. Washed and certified Arabica coffee recorded the best cup largely attributed to establishment and strict observance of post-harvest procedures in addition to certification process prescribing ethical, health and environmental standards.
4. In CY 2016/17, 36 Quality Controllers (QC) (13 Female) were trained under the basic quality control course covering coffee knowledge, grading, roasting, brewing and production techniques cupping. The group as comprised University students (18) and industry sector players (18). The group were attached for hands-on training and also introduced into both Arabica and Robusta growing areas.
5. There was an increase in the volume of coffee referred for re-processing from 51,229 bags in 2013/14 to 71,858 bags in 2014/15 to 76,591 bags in 2015/16 to 98,207 bags in 2016/17. The referrals were due to high moisture content (43.0%), low screen retention (31.0%), high defect percentage (25.4%) particularly withered and floats and adulteration (0.6%). The low screen retention was as a result of poor machine setting while withered and floats occurred due to drought at bean formation. The high occurrence of rejections was mainly due to low screen retention, which will be rectified by the training of machine operators.
6. A total of 8,425 samples of coffee ready for export were analysed with 42,125 cups liquored. The analysis indicated Robusta: 6,688 samples analysed (physical Analysis), 33,440 cups liquored, clean cups (98.07%), and Un-clean cups (1.93%), Common defects: Tainted (0.9%).
7. 148 samples (81 Robusta and 67 Arabica) were evaluated to determine quality of coffee in the field. The moisture content, screen retention above screen 15 and out turn were 13.0%, 68.7% and 84.2% respectively for Robusta field samples. The moisture content, screen retention above screen 16 and Out Turn was 13.1%, 74.0%, and 82.5% respectively for Arabica field samples.



The referrals were due to high moisture content (43.0%), low screen retention (31.0%), high defect percentage (25.4%) particularly withered and floats and adulteration (0.6%).

8. In order to upgrade the UCDA Laboratory to meet the ISO 17025 standard, a Laboratory Gap analysis exercise was completed and a report was produced on Quality Systems and Documentation. The required documentation consisted of a Quality Manual, Standard Operating Procedures, Work Instructions and a Quality Policy.
9. Under the Centre of Robusta Excellence (CORE) project, 6 monitoring and supervision field visits in Eastern and Western regions were undertaken. The project was audited by KPMG and a report submitted to aBi Trust, a development partner.
10. UCDA continued to showcase Uganda coffee in International fairs. Coffee was exhibited at the 29th Specialty Coffee Association of America (SCAA) exposition in Seattle, Washington U.S.A. Coffees from Uganda were exhibited, information on specialty and fine coffee disseminated, in addition to cupping sessions with buyers. Uganda Coffee was appreciated and exports to North America continue to rise.
11. Uganda Coffee was promoted at the Specialty Coffee Association of Europe Exhibition (SCAE) in Budapest, Hungary where information was circulated and specialty coffee cuppings were conducted. UCDA operated a booth and supported farmers and exporters with space to promote their coffee and products. Uganda coffee was promoted through providing information on the coffee, trading, investment and gave the opportunity to the attendees to taste the best Ugandan coffee. UCDA further carried out cupping sessions for roasters and buyers.
12. Promoted Uganda coffee at the Special Coffee Association of Japan (SCAJ) exhibition & conference held at Tokyo Big Sight West hall 4 in Tokyo themed "Surprise". The expo attracted coffee buyers, equipment manufacturers, roasters, distributors and retailers in Japan and Far East countries. UCDA promoted Uganda coffee through providing information on the coffee, trading, investment and gave the opportunity to the viewers to taste the best Uganda coffee and conducted cupping sessions of Uganda fine Robusta and specialty coffee with roasters and buyers. UCDA supported Crystal Coffee a Uganda Coffee buyer, roaster, distributor & retailer based in Nagoya, Japan to promote Uganda coffee products.
13. UCDA's regional office in Guangzhou China, promoted Uganda coffee at 10 exhibitions and promotion events; 121st Annual Canton fair; World Coffee Roasting Championship; Annual Consulates' Guangzhou Fair; Food and Hospitality World Expo 2016; China Guangdong International Tourism Industry Expo 2016; The 24th Annual Guangzhou Fair (Consulates Fair); Foshan Golf Open event; the Annual GIVES Event, Art & Fos Uganda Specialty and Fine Coffee Tasting Event and local book stores, malls & food markets in Guangzhou.

Distributed 66.607 MT of Elite Robusta and Arabica seed to 742 private nursery operators (412 male and 330 female through field officers, Local leaders, Political leaders, organized farmer Associations and Exporter based farmer groups. This generated 176 million seedlings.

## Production

1. The strategy is to create a sustainable demand driven initiative in production of coffee planting materials, using elite seed, vegetative cuttings and tissue culture. The following were achieved:
  - a. Distributed 66.607 MT of Elite Robusta and Arabica seed to 742 private nursery operators (412 male and 330 female) through field officers, local leaders, political leaders, organized farmer associations and exporter based farmer groups. This generated 176 million seedlings.
  - b. Supported multiplication of Coffee Wilt Disease – Resistant (CWDr) lines by various nursery operators resulting into establishment of 105 mother gardens with a total of 148,100 mother bushes.
  - c. Contracted a tissue culture laboratory at NaCORI - Kituza, screened 3 New CWDr varieties for release by Variety Release Committee bringing to total 10 CWDr varieties for multiplication; screened and recommended shade trees for each coffee zone.
  - d. Contracted a private firm to generate, wean and harden 500,000 tissue culture seedlings. As at the close of the financial year, 305,680 plantlets were expected from the embryo, and were at various stages of development while 29,000 tissue cultured seedlings were weaned and hardened.

2. Under management of pests and diseases, the following were achieved:
  - Pests and diseases surveillance continued in the Black Coffee Twig Borer (BCTB) affected districts, especially in Central Region where stem borers were also reported.
  - Updating training materials for farmers was in progress at the end of the financial year and awareness was created through radio programs.
  - Procured and distributed 6,000 litres and 200,000 mg of Immidachloropid pesticide to farmers for controlling BCTB in which 6,234 acres were sprayed.
  - Established 18 technology development sites to act as training and demonstration sites on new technologies in 10 districts.
  - Distributed 2,604 MT of elite seed to 167 nursery operators, raising 5.208 million seedlings.
  - Distributed 10.0 MT of polypots to 167 nursery operators to support seedlings propagation.
  - Distributed 200 tarpaulins to farmer groups to improve post-harvest handling practices.
  - In collaboration with NaCORI, 2 coffee characterization surveys were carried out highlighting both agronomic and quality attributes in the cup.
  - 4 Workshops conducted on quality improvement and marketing attracting 200 participants (176 male and 24 female).
  - 17 Farmer Field School Sessions were conducted attracting 255 of whom 16 were female.
  
3. Under coffee replanting, communities and farmers were mobilized for sustainable coffee planting. This involved collaboration with District Local Governments, Operation Wealth Creation staff, and other sub sector stakeholders under various arrangements. The following were achieved;
  - A total of 181.282 million seedlings were planted under various initiatives, and benefiting 514,421 households in 90 coffee growing districts.
  
4. Under coffee productivity improvement intended to improve coffee yield per tree from at least 0.5 kg to 1.0 kg of clean coffee, the following were achieved:
  - Initiated trials on reduced plant spacing to increase plant density
  - Established 289 demonstration sites to improve farmers' knowledge on good agronomic practices and good handling practices.
  - Registered and certified 2,079 Coffee nursery operators.
  
5. Under the programme to support Coffee Development in Northern Uganda whose major goal is to create wealth and improve the welfare of the people in the nontraditional coffee growing areas to ensure sustainable incomes and food security, the following Interventions were carried out,
  - Generated 5.208 million coffee seedlings and 6,000 banana suckers by private nursery operators.
  - A total of 754,442 coffee seedlings was planted benefiting 2,793 households by close of the Financial Year.
  - Established 18 technology development sites to act as training and demonstration sites on new technologies in 10 districts.
  
6. Regarding promotion of Sustainable Coffee Production Initiatives, 36 farmer groups which are practicing sustainable coffee production were trained. The major aim is to increase production of sustainable coffee which is highly demanded on the global market.
  
7. In order to increase outreach, farmer training and extension liaison were intensified. This was done in collaboration with other stakeholders (Local Governments and Civil society Organizations CSOs). This resulted into enhanced skills and knowledge by farmers. The following were accomplished:



Under coffee productivity improvement intended to improve coffee yield per tree from at least 0.5 kg to 1.0 kg of clean coffee, the following were achieved:

- 2 Inter-Regional Farmers Study Tours were undertaken ;( Eastern to Central; Central to South/Western). Farmers learnt GAPs and shared experiences with their counterparts especially on mixed enterprise management.
- 11 Coffee shows were held resulting in strengthening linkages between input dealers, farmers, researchers and other Stakeholders.
- Conducted 905 farmer training sessions benefiting 30,800 participants (24,568 Male and 6,232 Female).
- Aired coffee programs on 11 Radio stations with air time of 5,280 minutes used to disseminate information on GAPs, Pest and Disease management, Quality improvement and farmer registration.
- The National Steering Committee of the Coffee production campaign conducted 9 meetings and discussed value chain activities - climate change, Research updates, Agricultural finance.
- 11 Coffee Platforms were facilitated to carry out coffee activities; quality improvement and organize coffee shows.

## Research

1. The first cultures for multiplication of the seven (7) CWDr varieties were initiated on the 31st of January 2017. By the close of the year, a total of total of 3,585 leaf disc cultures has been generated from eight (8) initiations and were in various stages in the development of the tissue culture plantlets.
2. Using conventional methods, 115,000 CWDr Robusta seedlings were at various stages in the nursery, 12,603 seedlings availed to farmers and, the mother garden was increased by 8,146 Robusta CWDr added at Nawri Kituza (0.84ha). Further, 180 Robusta CWDr seedlings were added to mother garden at Ikulwe, Mayuge district.
3. Under Variety Development programme, three CWDr candidate lines that had been submitted to the National Variety Release Committee were about to be released by close of Financial Year 2016/17. These were;
  - Line 2/22/2 as "NARO-Kituza Robusta 8" yielding 3.123 tonnes per hectare of clean coffee
  - Line 245/21/5 as "NARO-Kituza Robusta 9" yielding 3.896 tonnes per hectare clean coffee
  - Line 3/15/1 as "NARO-Kituza Robusta 10" yielding 4.792 tonnes per hectare clean coffee
4. Development of more CWDr Robusta varieties with desirable traits intensified during the year. Generation of new varieties using bio-technology revealed the mean number of days to emergence of flower buds ranged from 35-62 days. Progress was also made in establishing the genetic identity of 100 CWDr Robusta lines. Concentration of DNA in 30 purified samples was found to range from 12-300ng/µl.
5. During the year, geen bean samples of 10 CWDr clones, including promising clones J24/13/20/1, 2/22/3, 227/54/2, 14/50/1 and 3/71/1, were submitted to UCDA laboratories for quality analysis.
6. Developing superior Arabica varieties also continued during the year. Results confirmed 8 families at Bugusege were relatively resistant to Coffee Leaf Rust (CLR) compared to SL14. Cumulatively therefore, 25 CLR resistant Ex-cook island lines with yields of 1,536 to 5,134 kgc./ha above the set benchmark yield of over 1,200 kg c.c. /ha. were identified, 40 CLR resistant lines and 22 mildly susceptible lines from 11 Ex-Cooke ls. families were available at Bugusege Research Station at the end of the year.

During the year, geen bean samples of 10 CWDr clones, including promising clones

J24/13/20/1, 2/22/3, 227/54/2, 14/50/1 and 3/71/1, were submitted to UCDA

laboratories for quality analysis.

## Executive and Corporate Services

1. UCDA commemorated 25 years since inception and the celebrations were marked by H.E. President Yoweri Kaguta Museveni on 13th April 2017, with the launch of the new Coffee Roadmap. The UCDA Board and Management was cognizant of the priceless contribution of Government and all stakeholders along the value chain in the transformation of the coffee sub-sector in Uganda.

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At the celebrations, long serving staff were recognized for their service and contribution. Prominent personalities in the coffee industry were also recognized, these were (i ) Ms. Jane Nakandi (ii) Mr. Moses Seremba (iii) Mrs. Phoebe Kazinduki, (iv) Mr. Peter Masai (v) Mr. Richard Kagimu and (vi) Ms. Doreen Rose Rweihangwe.

2. In a bid to strengthen service delivery, the number of staff on the UCDA establishment / structure grew from 92 to 109 an increase of 19%.
3. Various members of staff were trained in the following areas: Team building and strategic planning; Public sector financial management and accountability; Public sector procurement management; Records Management; Continuous professional development for accountants; Legal best practices; practical workplace fire prevention; Investments managements of retirement benefits schemes; Budgeting and costing techniques; tax training, GOU IFMS and Procurement; Agricultural environment controlling technologies of arid areas; Regulatory Impact Assessment; and MIS.
4. The Authority continued to strengthen its corporate communications function to ensure better stakeholder relations. The corporate communications activities were geared towards sensitisation of the public about UCDA's achievements since its inception, Uganda coffee as a brand, domestic coffee consumption and coffee replanting. A series of events such as (Stakeholder Meetings, corporate social responsibility activities, press conferences, newspaper advertorials, coffee documentary and coffee book), were conducted. An internal e-Newsletter was also introduced.
5. Two communication strategies: the Coffee Subsector Communication Strategy and the Domestic Coffee Consumption Communication Strategy were launched.

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# COFFEE MARKET

Chapter  
**One**

## 1.0 General Performance

Financial Year 2016/17, Uganda exported 4.19 million 60-kilo bags (251,156 tonnes)<sup>2</sup> valued at \$ 489.78 million. This reflected an increase of 17.69% and 39.33% in volume and value compared with 3.56 million bags (231,402 tonnes) worth \$351.53 million exported the previous year. The exports were composed of 3.19 million bags (191,289 tonnes) of Robusta worth \$349.31 million compared to 2.70 million bags (161,797 tonnes) valued at \$249.25 million exported in 2015/16 and 1.00 million bags (59,868 tonnes) of Arabica worth US 102.29 million compared to 0.86 million 2015/16.

Sixty four percent (64%) of total exports were imported by European countries compared to 61% last year while Africa took a markets share of 23% compared to 17% the previous year. Asia took 8% compared to 9% last year and North America took 4% same as last year while Australia and New Zealand had an export share of less than 1%. The weighted average export price stood at \$1.95 per kilo, 30 cents higher than US

\$ 1.65 realized in Financial Year 2015/16. The weighted average export price for Arabica stood at \$ 2.35 per kilo, 37 cents higher than \$ 2.92 per kilo realized in the previous year. Robusta's weighted export price was \$ 1.83 per kilo, 29 cents higher than \$ 1.54 per kilo realized in 2015/16 financial year. The increment in the weighted realized export price was in tandem with the global price trend.

### 1.1 Coffee Procurement

Marketed coffee production for Financial Year 2016/17 stood at 4.65 million bags (279,183 tonnes) compared to 4.04 million bags (242,183 tonnes), an increase of 15.56% compared to the previous year, 2015/16. There was an increase of 17.44% and 8.08% in marketed production of Robusta and Arabica respectively from 3.08 million bags to 3.62 million bags for Robusta and 1.03 million bags from 944,660 bags the previous year. The increase is on account of fruition of newly planted coffee which had started yielding. The increase in Arabica production was also attributed to the on-year of the biennial-cycle.

Table 1.0 presents marketed coffee (FAQ and Arabica parchment) to the export grading factories in the last five years.

Table 1.0 Coffee Procurement by Type FY 2011/12-2016/17 in 60 kg Bags

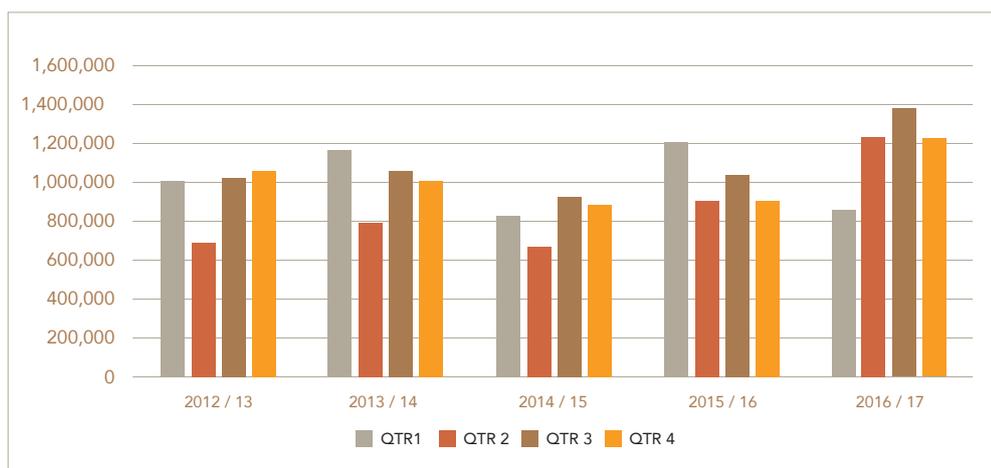
Financial Year	Coffee Type		TOTAL	%-Age Change
	Robusta	Arabica		Over Previous yr.
<b>Average</b>	<b>2,776,458</b>	<b>849,579</b>	<b>3,642,016</b>	-
2016/17	3,619,314	1,033,745	4,653,058	15.56
2015/16	3,081,725	954,660	4,036,385	21.1
2014/15	2,489,822	776,360	3,266,182	18.3-
2013/14	3,080,680	915,506	3,996,186	6.5
2012/13	2,904,435	848,622	3,753,057	18.8
2011/12	2,325,629	832,749	3,158,268	-

Over the last 5 years, apart from Financial Year 2016/17, coffee procurement registered the highest volumes during the first quarter from July to September in the main harvesting and marketing season for Masaka and the South-Western regions which was very poor (see figure 2 below).

2: 100 tonnes = 1,667 60-Kilo bags

Sixty four percent (64%) of total exports were imported by European countries compared to 61% last year while Africa took a markets share of 23% compared to 17% the previous year.

Figure 2 Comparative Quarterly Coffee Procurement  
Data in Financial Years 2012/13-2016/17 in 60 Kilo Bags



## 1.2 Closing Stocks

The closing stocks as on 30th June 2017 stood at 986,658 bags of coffee. This comprised 794,845 bags of Robusta and 181,813 bags of Arabica (see table 2). The closing stocks for the Financial Year 2016/17 were 30% higher than the opening stocks especially Robusta Coffee on account of hoarding at exporter level who were anticipating for higher prices in the future.

Table 2 Closing Stock as on June 30, 2017

July 2016-June 2017	Coffee Type – 60Kg Bags		Total
	Robusta	Arabica	
Opening Stock Jul 01, 2016	533,375	205,264	758,639
Total Production	3,619,314	1,033,745	4,653,058
Availability	4,152,639	1,239,009	5,411,697
Domestic Coffee Consumption	179,700	59,400	239,100
Exports	3,188,144	997,796	4,185,940
Closing Stock June 30, 2017	794,845	181,813	986,658

## 1.3 External Market

### 1.3.1. Coffee Export Performance

During Financial Year 2016/17, a total of 4,185,940 bags (251,156 tonnes) worth \$489.78 million were exported to 38 destinations compared to 31 destinations the previous year when 3,556,692 bags (213,402) tonnes worth \$351.53 million were exported. This was an increase of 17.69% and 39.33% in quantity and value respectively.

Table 3.0 represents Uganda's coffee export performance on a monthly and quarterly basis in terms of quantity and value during the year in comparison to Financial Year 2015/16. The third quarter registered the highest export volume of 1.2 million 60-kilo bags worth \$ 147.73 million while the first quarter registered the lowest both in terms of quantity exported and value- 768,165 bags and \$79.94 million, respectively.



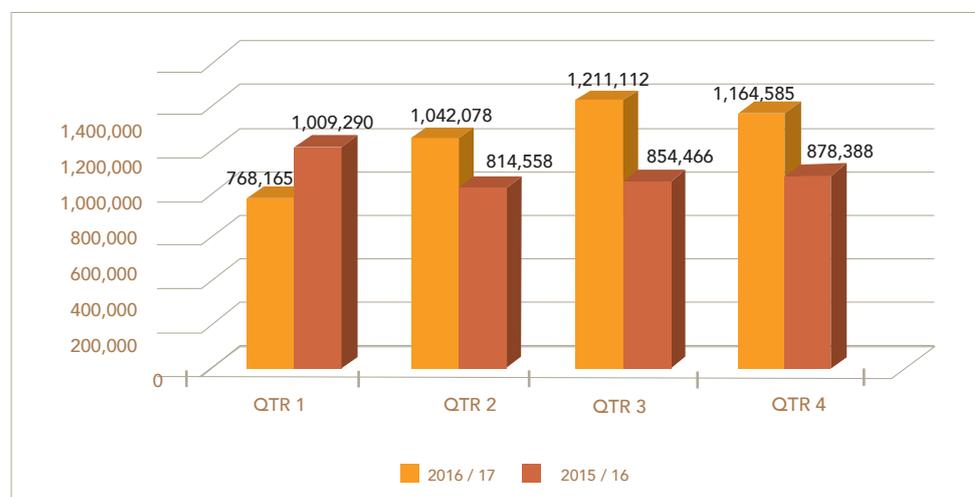
**4,185,940**  
bags (251,156  
tonnes) worth US  
**\$ 489.78 million**  
were exported to  
38 destinations  
during Financial  
Year 2016/17

Table 3: Monthly & Quarterly Coffee Exports in 60 Kilo Bags and \$

MONTHS	2016/17		2015/16		% -Age Change	
	Qty	Value \$	Qty	Value \$	Qty	Value \$
G/ Total	4,185,940	489,783,290	3,556,692	351,532,287	17.69	39.33
July	268,150	26,978,669	402,721	42,958,800	-33.42	-37.20
August	291,059	30,093,991	320,247	32,527,993	-9.11	-7.48
September	208,956	22,864,680	286,322	29,306,583	-27.02	-21.98
Qtr -1	768,165	79,937,341	1,009,290	104,793,376	-23.89	-23.72
October	209,144	24,193,173	223,198	22,867,849	-6.30	5.80
November	407,693	50,345,770	248,921	25,048,473	63.78	100.99
December	425,241	51,515,317	342,439	33,307,635	24.18	54.67
Qtr – 2	1,042,078	126,054,2e60	814,558	81,226,957	27.93	55.19
January	404,673	48,981,950	334,727	32,125,478	20.90	52.47
February	396,523	48,306,210	271,941	25,121,054	45.81	92.29
March	409,916	50,443,414	247,798	23,074,015	65.42	118.62
Qtr – 3	1,211,112	147,731,574	854,466	80,320,547	41.74	83.93
April	325,566	39,277,120	326,793	31,120,627	-0.38	26.21
May	408,454	47,191,822	285,945	27,619,592	42.84	70.86
June	430,565	49,591,172	265,650	26,454,186	62.08	87.46
Qtr - 4	1,164,585	136,060,115	878,388	85,194,405	32.58	59.71

Quarterly exports in Financial Years 2016/17 show higher volume of exports realized in all the quarters as compared to the previous year except the first quarter (see figure 3). The first quarter relatively poor performance was on account of the after effect of a drought which had hit coffee regions in the Southern hemisphere that resulted into a lower volume from the main harvest. Favourable weather in Central and Eastern regions in subsequent months, as well as newly planted coffee which started fruiting during the year led to good performance in the remaining quarters. This increase in exports is an outcome of Government's intervention to increase on the seedlings planted, the low survival rate notwithstanding.

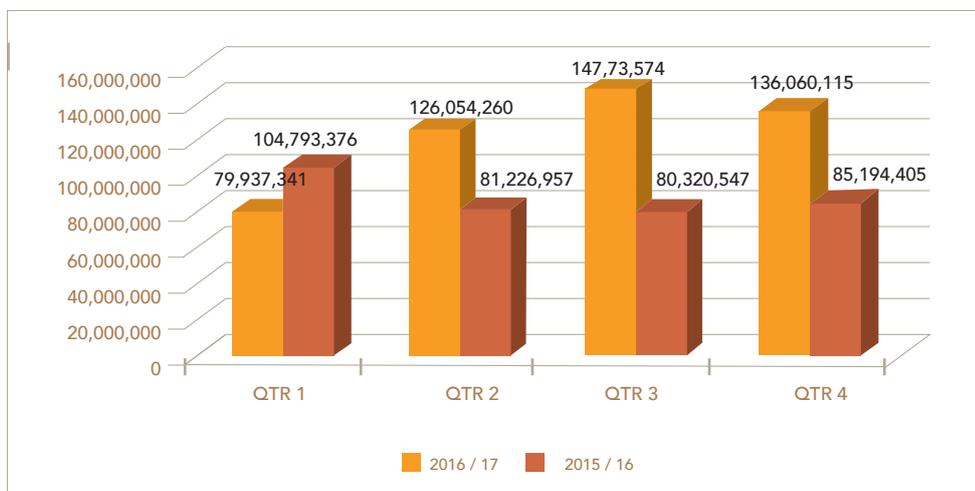
Figure 3: Comparative Coffee Exports by Quarters in 60-Kilo Bags



This increase in exports is an outcome of Government's intervention to increase on the seedlings planted, the low survival rate notwithstanding.

The effect of the global prices on coffee export earnings are reflected in Figure 3. As was with export volumes coffee export value in Financial Year 2016/17, was higher except for the first quarter.

Figure 4: Comparative Coffee Exports Value by Quarters in US \$



Annual coffee export quantities and values for the 4 years indicate a positive trend in exports with a significant increase in Financial Year 2016/17 on account of favourable weather and newly planted coffee that had started fruiting. On the other hand, apart from Financial Year 2016/17 which showed a significant increase in value, a negative trend was exhibited in the earlier years (Figure 4).

Figure 5: Comparative 4 year Coffee Export Volume Performance by Financial Year



### 1.3.2 Coffee Exports by Type and Grade

Coffee exports by type (Robusta and Arabica), grade and average realized export prices for each during FY16/17 compared to FY15/16 are illustrated in table 4.0. The weighted average export price stood at US \$ 1.95 per kilo, 30 cents higher than US \$1.65 per kilo realized in FY 2015/16. The weighted average price for Arabica stood at \$ 2.35 per kilo, 37 cents higher than US\$ 1.98 per kilo realized in the previous year. The Robusta weighted average price was US\$ 1.83 per kilo, 29 cents higher than \$ 1.54 per kilo realized in financial year 2015/16. The increase in the weighted realized export prices was in tandem with the global trend.

Sustainable coffee exports amounted to 139,445 bags worth US \$ 21.81 million compared to 116,921 bags valued at US \$ 16.34 million in Financial Year 2015/16, an increase of 19% and 33% in volume and value respectively from the previous year. This was a 3.03% market share of total export marginally lower than last year (3.3%). Correspondingly, the value share was 4.01% similar to last financial year. The slight decline in the share of sustainable/specialty coffee exports to total exports is attributed to the drought effect which affected the quality of coffee produced that could not attract the premium prices and therefore sold in the conventional market. In addition, the high cost of international certification programs hinders farmers from increasing sustainable coffee production.

Table 4 also shows increased price differentials especially of Arabica coffee with distinct price premiums between Specialty/Sustainable and conventional coffees. For Robusta coffee, Robusta UTZ and Organic Robusta fetched \$ 2.37 and \$ 2.23 per kilo 38 and 22 cents respectively higher than Screen 18's export price which fetched US\$ 1.99 per kilo.

In Arabica, Sipi Falls fetched the highest price of US\$ 3.96 per kilo, 29 cents higher than conventional Bugisu AA price of US\$ 2.67 per kilo, a lower premium than last year which was 45 cents. This was followed by White Nile and Mt. Elgon A+ which fetched \$ 3.71 and 3.17 per kilo, 104 and 50 cents higher than conventional Bugisu AA.

Organic Wugar fetched a price of US \$ 2.66 per kilo, a 22 cents premium over Wugar. Organic Drugar fetched US\$ 2.72 per kilo, a premium of 42 cents over conventional Drugar. Worth noting is the increase in exports of higher Robusta grades (Screens 18, 17 and 15) compared to last year.

In addition the average price of Organic Drugar was higher than Organic Wugar and even conventional Bugisu AA, suggesting that Uganda's Arabica naturals could compete favourably with the washed coffees (table 4.0).

Price differentiation in terms of grades especially in Arabica is worth noting pointing to a need to fast track the coffee profiling programme currently being undertaken that will enhance uganda coffee's competitiveness.

This was a 3.03% market share of total export marginally lower than last year (3.3%). Correspondingly, the value share was 4.01% similar to last financial year



Table 4 Comparative Coffee Export Grades and Unit Prices

Coffee Type/Grade	FY 2016/17			FY 2015/16		
	Quantity	Value	US\$/Kg	Quantity	Value	US\$/Kg
<b>TOTAL</b>	<b>4,185,940</b>	<b>489,783,290</b>	<b>1.95</b>	<b>3,556,692</b>	<b>351,532,287</b>	<b>1.65</b>
<b>ROBUSTA</b>	<b>3,188,144</b>	<b>349,312,555</b>	<b>1.83</b>	<b>2,696,611</b>	<b>249,245,692</b>	<b>1.54</b>
Organic Robusta	10,905	1,458,814	2.23	11,100	1,228,602	1.84
Washed Robusta	23,242	2,978,053	2.14	20,290	2,297,489	1.89
Robusta Utz	1,050	149,075	2.37	350	37,269	1.77
Screen 18	254,639	30,449,984	1.99	298,449	29,977,294	1.67
Screen 17	181,237	21,124,628	1.94	172,331	16,474,945	1.59
Screen 15	1,607,757	184,108,146	1.91	1,306,623	126,102,461	1.61
Screen 14	4,934	606,372	2.05	7,344	664,451	1.51
Screen 12	691,225	74,990,693	1.81	487,718	44,258,424	1.51
BHP 1199	248,472	20,650,375	1.39	218,952	15,083,253	1.15
Other Robusta	164,683	12,796,416	1.30	173,454	13,121,504	1.26
<b>ARABICA</b>	<b>997,796</b>	<b>140,470,734</b>	<b>2.35</b>	<b>860,081</b>	<b>102,286,595</b>	<b>1.98</b>
Organic Bugisu	10,253	1,810,502	2.94	14,840	2,278,818	2.56
Sipi Falls	9,221	2,193,477	3.96	4,290	994,536	3.86
Org Okoro	2,880	493,892	2.86	9,120	1,325,200	2.42
Bugisu UTZ	1,770	286,807	2.70			
Organic Wugar	3,710	592,744	2.66	1,600	233,961	2.44
Organic Drugar	5,238	855,420	2.72	9,049	1,194,962	2.20
Bugisu A+	1,397	203,269	2.43	13,120	1,863,413	2.37
Mt Elgon A+	12,491	2,374,760	3.17	19,693	2,871,244	2.43
Mt Elgon AA	2,034	323,637	2.65	30	4,365	2.43
Okoro A+	720	114,286	2.65			
Mt. Elgon A	41,384	5,868,082	2.36	11,499	1,739,972	2.52
Mt. Elgon	700	101,853	2.43	640	93,122	2.43
Mt Elgon CPB				1,300	179,895	2.31
Bugisu AA	78,132	12,514,683	2.67	71,094	10,285,175	2.41
Bugisu A	30,558	4,251,379	2.32	14,183	2,004,830	2.36
Bugisu B	73	10,583	2.42	280	46,164	2.75
Bugisu CPB	998	143,391	2.39	10,644	1,348,276	2.11
Bugisu PB	747	126,202	2.82	2,583	351,832	2.27
Bugisu AB	46,272	7,488,317	2.70	29,671	4,084,161	2.29
Bugisu C				64	7,433	1.94
Okoro AA				986	152,276	2.57
Okoro AB				320	40,635	2.12
Okoro CPB				720	104,763	2.43
Mixed Arabica	9,014	956,490	1.77			
Rwenzori A+	13	1,759	2.26			
Rwenzori AA	299	38,869	2.17	287	42,499	2.47
Rwenzori A	6,770	952,784	2.35	206	27,328	2.21
Rwenzori C	21	2,433	1.93			
Mt. Rwenzori	360	47,619	2.20			
White Nile	2,570	572,391	3.71			
Wugar	95,821	14,052,250	2.44	76,739	10,533,994	2.29
Drugar	575,195	79,278,843	2.30	515,739	57,261,172	1.85
Other Arabica	59,155	4,814,013	1.36	51,384	3,216,568	1.04

### 1.3.3 Realized Prices at Export Level

The weighted average price for the year stood at \$ 1.95 per kilo compared to \$ 1.65 in financial year 2015/16, an increase of US 30 cents. The positive price trend continued in the year as reflected in the International Coffee Organization (ICO) composite indicator price from an average of \$ 2.59 per kilo in FY 2015/16 to an average of \$ 2.96 per kilo this year, an increase of \$ 37 cents. Arabica export prices averaged \$ 2.35 per kilo, 34 cents higher than 1.98. per kilo the previous year. Robusta prices averaged \$ 1.83 per kilo, 29 cents higher than \$ 1.54 per kilo realised the previous year.

#### Monthly average export prices for each type of coffee

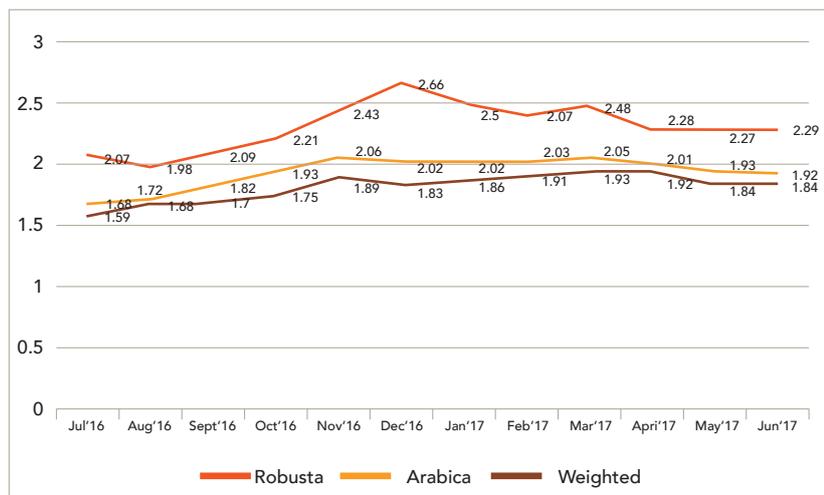
Arabica and Robusta for Financial Year 2016/17 compared to the previous year, 2015/16 are represented in Table 5 and Figure 6. The highest weighted average export price was realized in November 2016 at \$ 2.06 per kilo compared to \$ 1.78 per kilo in July 2015 the previous year. The lowest weighted average price in FY 2016/17 was in July 2016 at \$ 1.68 per kilo compared to \$ 1.54 per kilo in February 2016 last year.

Table 5: Comparative Monthly Average Realized Export Price by Type in \$ Per Kilo in FY 2016/17 and FY 2015/16

Month	2016/17			2015/16		
	Robusta	Arabica	Weighted	Robusta	Arabica	Weighted
Jul	1.59	2.07	1.68	1.67	2.47	1.78
Aug	1.68	1.98	1.72	1.63	2.23	1.69
Sep	1.70	2.09	1.82	1.62	2.07	1.71
Oct	1.75	2.21	1.93	1.61	1.91	1.71
Nov	1.89	2.43	2.06	1.57	1.86	1.68
Dec	1.83	2.66	2.02	1.52	1.97	1.62
Jan	1.86	2.50	2.02	1.48	1.99	1.60
Feb	1.91	2.40	2.03	1.43	1.87	1.54
Mar	1.93	2.48	2.05	1.37	1.91	1.55
Apr	1.92	2.28	2.01	1.44	1.89	1.59
May	1.84	2.27	1.93	1.49	1.93	1.61
Jun	1.84	2.29	1.92	1.54	2.05	1.66
Average	1.83	2.35	1.95	1.54	1.98	1.65

Figure 6 reflects a positive price trend in the first half of the year and a negative one in the second half of the year on account of a correction in the two global coffee markets on news that there would be ample Arabica supply based on favorable weather in some Brazil regions and Colombia. This impacted negatively on prices.

Figure 6 monthly average unit export prices by type in FY 2016/17 in \$/Kilo



### 1.3.4 Export Performance by Individual Companies

Of the 72 coffee exporting companies registered, only 57 or 79% performed during the year. The best 10 had a 77% of the market share compared to 78% and 77% in FY 2015/16 and FY 2014/15 respectively. This demonstrates stability efficiency at this level though it also shows increasing concentration. Eight (8) companies exported Robusta Coffee only, 17 only Arabica and 32 exported both types of coffee. Table 6 shows the export performance of each company in terms of quantity (Robusta and Arabica), percentage share and cumulative market shares. Kyagalanyi Coffee Ltd. had the highest market share of 15% compared to 11% last year. Ugacof (U) Ltd followed with a market share of 13% lower than 18% the previous year. This was followed by Ideal Commodities -10 percent (8%); Olam (U) Ltd- 9 percent (9%); Export Trading Company -6% (6%); Kawacom (U) Ltd. - 6 percent (6%); Ibero (U) Ltd - 5 percent (7%); Kampala Domestic Store – 5 percent (4%). Besmark Coffee Company Ltd. – 4 percent (4%) and Commodity Solutions – 4 percent (2%). Figures in brackets reflect market shares the previous year, 2015/16.

Kyagalanyi Coffee Ltd. exported the highest volume of Arabica followed by Great Lakes Ltd.UGACOF (U) Ltd Exported the highest Volumes of Robusta followed by Kyagalanyi Coffee Ltd. (table 6)



Table 7 Coffee Exports by Individual Companies Financial Year 2016/17

	Exporting Company	Quantity – 60 kg Bags			% -age Market Share	
		Robusta	Arabica	Total	Individual	Cumulative
	Grand Total	3,188,144	997,796	4,185,940	100.00	
1	Kyagalanyi Coffee Ltd	405,002	219,398	624,400	14.92	14.92
2	Ugacof (U) Ltd	480,059	61,981	542,040	12.95	27.87
3	Ideal Commodities (U) Ltd	400,785	11,977	412,762	9.86	37.73
4	Olam (U) Ltd	263,787	102,689	366,476	8.75	46.48
5	Export Trading Company Ltd	201,088	52,771	253,859	6.06	52.55
6	Kaawacom (U) Ltd	135,532	113,698	249,230	5.95	58.50
7	Ibero (U) Ltd	225,098	3,917	229,015	5.47	63.97
8	Kampala Domestic Store Ltd	221,266	285	221,551	5.29	69.26
9	Besmark Coffee Ltd	86,146	79,248	165,394	3.95	73.21
10	Commodity Solutions Company Ltd	100,270	51,234	151,504	3.62	76.83
11	LD Commodities (U) Ltd	72,237	63,104	135,341	3.23	80.07
12	Great Lakes Coffee Ltd	683	128,442	129,125	3.08	83.15
13	Savannah Commodities Ltd	96,231	13,323	109,554	2.62	85.77
14	Ishaka Quality	88,523	17	88,540	2.12	87.88
15	Coffee World Ltd	66,580	15,528	82,108	1.96	89.85
16	Bakhson Trading Company Ltd	46,406		46,406	1.11	90.95
17	Ankole Coffee Producers Ltd	43,999	613	44,612	1.07	92.02
18	Nakana Coffee Factory Ltd	43,315		43,315	1.03	93.06
19	Ankole Coffee Processors Ltd	40,822	2,140	42,962	1.03	94.08
20	Sena Indo 9U) Ltd	31,650	360	32,010	0.76	94.85
21	Touton (U) Ltd	19,169	12,486	31,655	0.76	95.60
22	Risala (U) Ltd	12,551	12,984	25,535	0.61	96.21
23	Bulam Coffee Buyers Ltd	22,069	640	22,709	0.54	96.75
24	Mbale Importers & Exporters Ltd	4	20,334	20,338	0.49	97.24
25	Kaweri Coffee Plantation	19,536		19,536	0.47	97.71
26	Karaz Coffee Factory Ltd	14,326	1,356	15,682	0.37	98.08
27	Banyankole Kweterana Coop	13,352	1,780	15,132	0.36	98.44
28	Bakwanye Trading Co. Ltd	2,950	5,740	8,690	0.21	98.65
29	Bukonzo Joint Coop Ltd		6,320	6,320	0.15	98.80
30	Kibinge Farmers Co.Op Ltd	5,860		5,860	0.14	98.94
31	Tata Coffee Limited	5,700		5,700	0.14	99.08
32	Zigoti Coffee Works Ltd	5,294		5,294	0.13	99.20
33	Kamba Petroleum	2,750	2,310	5,060	0.12	99.33
34	NUCAFE Ltd	2,490	1,134	3,624	0.09	99.41
35	Qualicoff (U) LTD	2,672		2,672	0.06	99.48
36	Turads Trading (U) Ltd	35	2,547	2,582	0.06	99.54
37	Discovery Trading Ltd	2,400		2,400	0.06	99.60
38	Powerstorm (U) Ltd	2,036	330	2,366	0.06	99.65
39	Pearl Crops Ltd	2,103	159	2,262	0.05	99.71
40	Others	3,368	8,951	12,319	0.29	100.00

### 1.3.5 Individual Coffee Buyers' Performance

The ten top buyers of Uganda coffee held a market share of 60.02% compared to 59.57% last year, (table 7). Sucafina continued to maintain to lead with a market share of 12% lower than 17% the previous year. Olam International followed with a market share of 9% higher than 7% compared to 4% last year. Altasheel was the third with a market share of 8% compared to 6% last year followed by Volcafe with a market share of 7% compared to 4% last year; Bernhard Rothfos with 5% compared to 7% previous year and Ecom Agro Industrial with a market share of 4% lower than 5% the previous year.

Table 7 Performance of Individual Coffee Buyers in FY 2016/17

	Buyers	Quantity			%age Market Share	
		60-Kilo Bags			Individual	Cumulative
	Grand Total	Robusta	Arabica	Total		
		3,188,144	997,796	4,185,940	100.00	
1	Sucafina S.A	459,605	61,981	521,586	12.46	12.46
2	Olam International	296,038	63,094	359,132	8.58	21.04
3	Altasheel	351,720		351,720	8.40	29.44
4	Volcafe	194,299	89,296	283,595	6.77	36.22
5	Bernhard Rothfos	224,764	4,557	229,321	5.48	41.70
6	Ecom Agro Industrial	82,742	102,147	184,889	4.42	46.11
7	Aldwami Company	168,000		168,000	4.01	50.13
8	Icona Cafe	132,766	11,600	144,366	3.45	53.57
9	Bercher Coffee	56,438	79,070	135,508	3.24	56.81
10	Touton S.A	119,849	14,544	134,393	3.21	60.02
11	Socadec	103,135	24,555	127,690	3.05	63.07
12	Strauss Commodities	67,969	35,011	102,980	2.46	65.53
13	Gebre Westhoff	1,750	91,911	93,661	2.24	67.77
14	Louis Dreyfus	37,568	39,707	77,275	1.85	69.62
15	Coex Coffee	64,444	12,710	77,154	1.84	71.46
16	Indus Coffee	72,258	4,698	76,956	1.84	73.30
17	Tata Coffee Ltd	69,310	1,500	70,810	1.69	74.99
18	Cofftea	68,220	320	68,540	1.64	76.63
19	Luigi Lavazza	64,780		64,780	1.55	78.17
20	Office-De-Commerce	20,264	42,755	63,019	1.51	79.68
21	Tropicore	37,850	13,430	51,280	1.23	80.91
22	ETG Trading	36,348	10,910	47,258	1.13	82.03
23	Elmathahib	39,900		39,900	0.95	82.99
24	Guzman Global	30,506	5,948	36,454	0.87	83.86
25	Mitsubishi	960	35,200	36,160	0.86	84.72
26	Hamburg Coffee	29,030	2,270	31,300	0.75	85.47
27	Falcon Commodities	1,600	27,520	29,120	0.70	86.17
28	Integrano	25,628	2,950	28,578	0.68	86.85
29	GRB	4,140	21,990	26,130	0.62	87.47
30	Others	326,263	198,122	524,385	12.53	100.00

In terms of coffee type, just like the previous year, Agro Ecom Industrial had the highest quantity of Arabica exports (102,147 bags) followed by Volcafe (89,296 bags) and Bercher coffee (79,070 bags).

A total of 225 buyers sought for Uganda coffee during the year compared to 190 in Financial Year 2015/16 reflecting increased demand for Uganda coffee.

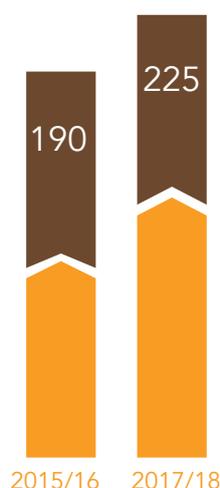
### 1.3.6 Coffee Exports by Destination

The bulk of Ugandan coffee exports continue to be destined to European Union. Table 8 shows that 2.55 million bags (61%) were exported to European Union (EU) countries compared to 68% the previous year. Exports to Sudan amounted to 0.61 million bags (15%) compared to 0.49 million bags (14%) the previous year, 2015/16. India followed with a 5% market share compared to 4% the previous year. Tunisia had a market share of 4% compared to 0.5% last year followed by USA with a 4% % market share compared to 3% last year.

Direct exports to new emerging markets: India, China, Japan, South Korea, Singapore, Taiwan, Mexico, Russia and Turkey totaled 346,002 bags with India taking an import share of 58%. Worth noting is that most countries import both Robusta and Arabica from Uganda reflecting appreciable demand for Uganda coffee from different destination markets.

Table 8 Main Destinations of Uganda Coffee in FY 2016/17

	Destination	Destination Quantity in 60-Kilo bags		%age Market Share		
		Robusta	Arabica	Total	Individual	Cumulative
	Grand Total	3,188,144	997,796	4,185,940	100.00	
1	EU	1,978,447	574,281	2,552,728	60.98	60.98
2	Sudan	605,704	4,366	610,070	14.57	75.56
3	India	177,732	26,773	204,505	4.89	80.44
4	Tunisia	34,318	117,772	152,090	3.63	84.08
5	USA	14,585	134,846	149,431	3.57	87.65
6	Morocco	102,472	7,779	110,251	2.63	90.28
7	Algeria	70,670	5,200	75,870	1.81	92.09
8	Switzerland	58,583	10,233	68,816	1.64	93.74
9	South Korea	1,120	30,991	32,111	0.77	94.50
10	Russia	23,173	7,680	30,853	0.74	95.24
11	South Africa	25,156	4,898	30,054	0.72	95.96
12	Japan	26,682	3,093	29,775	0.71	96.67
13	Canada	1,674	25,300	26,974	0.64	97.31
14	China	17,290	2,895	20,185	0.48	97.80
15	Israel	17,774	480	18,254	0.44	98.23
16	New Zealand	7,116	6,618	13,734	0.33	98.56
17	UK	6,810	6,520	13,330	0.32	98.88
18	Mexico	653	9,280	9,933	0.24	99.12
19	Singapore	6,958	2,802	9,760	0.23	99.35
20	Turkey	366	6,094	6,460	0.15	99.50
21	Australia	1,805	3,299	5,104	0.12	99.63
22	Cape Verde	2,560		2,560	0.06	99.69
23	Taiwan	1,820	600	2,420	0.06	99.75
24	Syria	334	1,600	1,934	0.05	99.79
25	Albania	1,614		1,614	0.04	99.83
26	Others	2,728	4,396	7,124	0.17	100.00

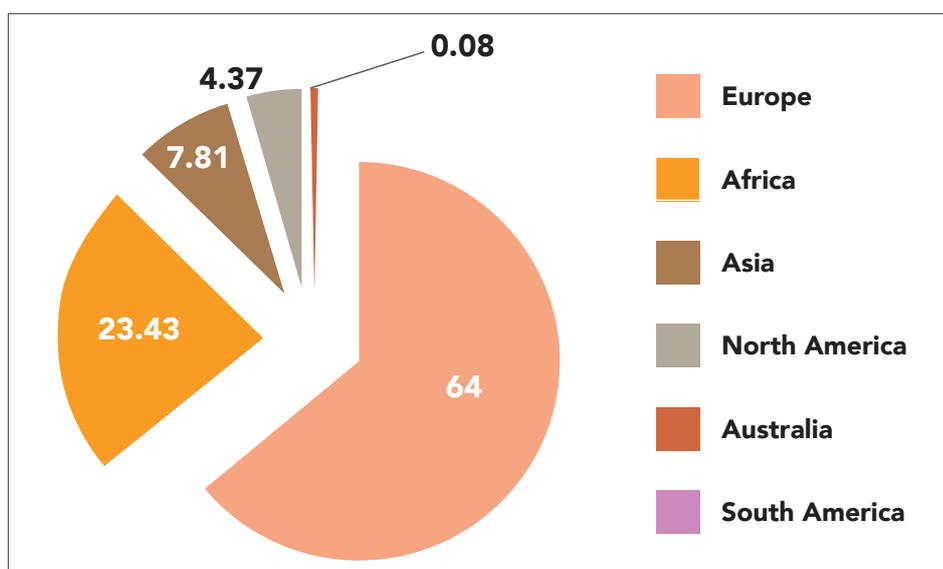


A total of 225 buyers sought for Uganda coffee during the year compared to 190 in Financial Year 2015/16 reflecting increased demand for Uganda coffee.

Exports to China were 20,185 bags (Robusta-17,290; Arabica-2,895). Similarly, exports to Singapore were 9,760 bags while exports to South Korea were 32,111 bags. Notable exports during the year were to Mexico, which imported 9,933 bags, Turkey with 6,460 bags and Cape Verde with 2,560 bags. The increasing exports to the Far East could be attributed to promotional efforts of UCDA Centre in Guangzhou, China.

Figure 7 illustrates the market share of importers of Uganda coffee by continent in terms of percentage market share. Europe's continued dominance is exhibited with 64% share of Uganda coffee exports compared to 72% last year. This was followed by Africa with a 23% market share compared to 17% last year. The Asian share of the Uganda's coffee exports remained steady at 8% similar to 2015/16 year.

Figure 7 Uganda's Export Destinations by Continent by Market Share in Percentage in FY 2016/17



## 1.4 Internal Marketing

### 1.4.1 Registered Post-harvest Industry Players

A total of 682 post-harvest industry players was registered in the Coffee Year 2016/17, an 20% increase in players compared to 565 registered last year CY 2015/16 (see table 9).

Table 9 Registered Post-harvest Industry Players in CY 2016/17

Industry Players	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12
Exporters	73	54	58	54	54	42
Export grading plants	48	21	36	34	32	30
Primary Processing Plants	549	476	441	363	395	308
Roasters	12	14	13	11	14	14
Total	682	565	549	462	495	394

## 1.4.2 Price Movements

The farm-gate prices for Kiboko (dry Robusta cherries), Robusta FAQ and Arabica Parchment averaged Shs. 2,370, 4,880 and 6,000 per kilo respectively (Table 10).

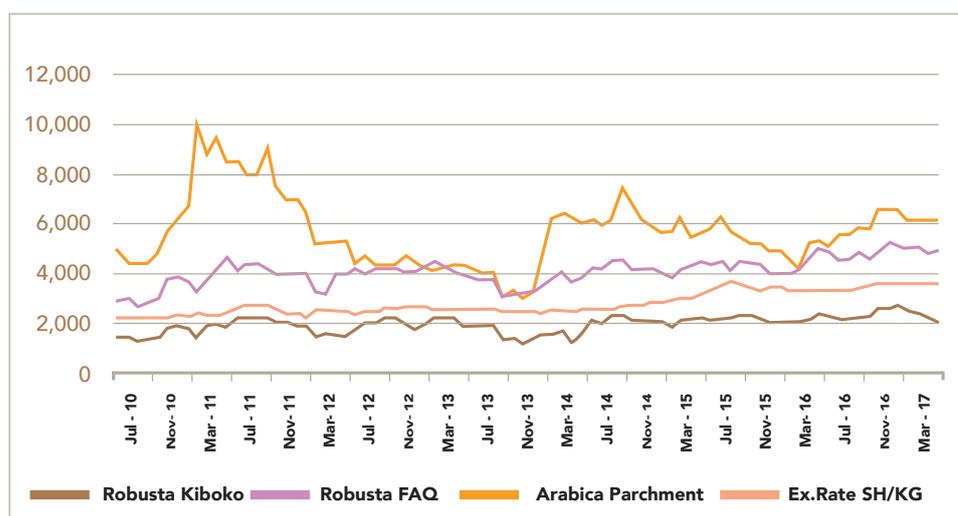
Table 10 Realised Monthly Farm-gate Prices in FY 2016/17 in UGX/Kilo

2016/17	Robusta	Arabica	
	Kiboko	FAQ	Parchment
Jul – 2016	2,300	4,850	5,150
Aug	2,200	4,550	5,550
Sep	2,200	4,550	5,550
Oct – 2016	2,300	4,800	5,800
Nov	2,250	4,650	5,850
Dec	2,600	4,850	6,550
Jan-2017	2,600	5,250	6,550
Feb	2,650	5,150	6,550
Mar-1017	2,500	5,050	6,150
Apr	2,400	5,050	6,150
May	2,300	4,900	6,150
Jun – 2017	2,100	5,000	6,100
Average	2,370	4,880	6,000

Robusta farm gate prices oscillated between Sh. 2,100-2,650/= per kilo for Kiboko coffee, and Sh. 4,550-5,250/= for clean coffee (Fair Average Quality). Arabica parchment prices ranged from Sh. 5,150/= to Sh. 6,550/= per kilo. The year's average prices were Sh. 2.370 per kilo; Sh. 4,880 and Sh. 6,000 per kilo for Robusta Kiboko, Robusta Fair Average Quality (FAQ) and Arabica parchment respectively.

Figure 8 illustrates the monthly farm gate price trend. Despite a contraction in October and November 2013 and from January to June 2016, there was a widening differential between Arabica parchment prices and Robusta FAQ prices from February 2014 onwards compared to the earlier year (FY 2012/13) as reflected in Figure 8. The widening gap is healthy for Uganda's exports which are predominantly Robusta. The gap was even wider in FY 2010/11. The exchange rate (Uganda shilling against the dollar) also depreciated from just above Sh. 2,100 per dollar in July 2010 when Arabica prices were very high to about Sh. 3,800 per dollar in June 2017.

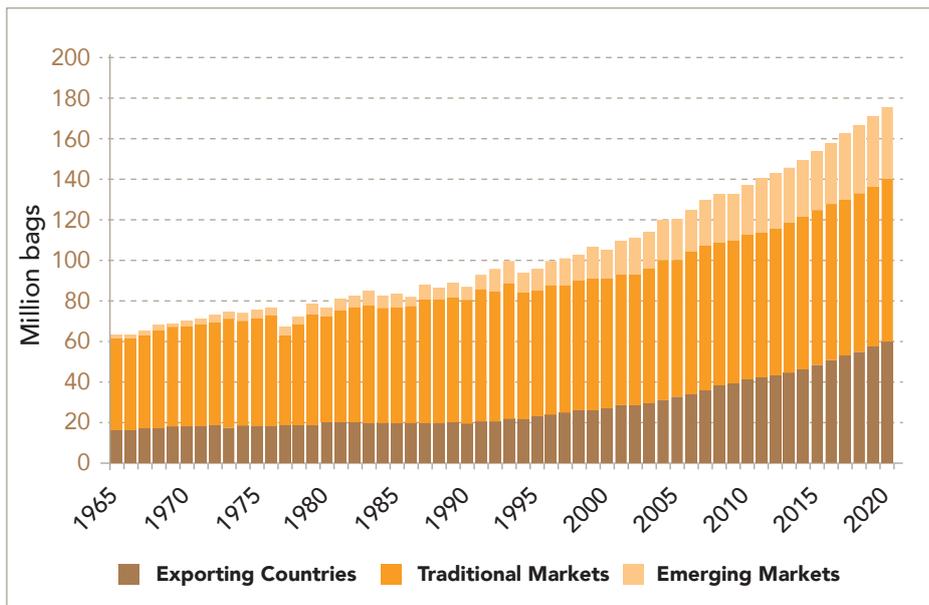
Figure 8: Farm gate Price Trend in the Internal Market July 2010-June 2017



## 1.5 Global Outlook

- 1.5.1 Coffee prices in 2017/18 are envisaged to be volatile due to the large crop expected from Brazil and Honduras. The prices are expected to be affected by the drought in Vietnam and Indonesia as well as drought in Vietnam and Indonesia. Nevertheless, Colombia's production is likely to continue its recovery from the poor performance in the previous years. This phenomenal recovery is attributed to the favourable weather conditions and the replanting campaign lead by Colombian Coffee Growers Federation (FNC).
- 1.5.2 On the supply side, global production in 2017/18 is estimated at 158.56 million bags, a marginal decrease of 0.3% compared to 159.05 million bags in 2016/17. Major coffee producing countries' production for 2017/18 is estimated as follows: Brazil 51.0 million bags; Vietnam 29.5 million bags, Colombia 14.0 million bags, Indonesia 11.0 million bags, Ethiopia 7.7 million bags, Honduras 8.3 million bags, India 5.8 million bags, Peru 4.3 million bags, Uganda 5.1 million bags, Mexico-4.0 million bags and Guatemala 3.8 million bags.
- 1.5.3 On the demand side, there is growth in global consumption estimated to have increased at 2.0% per year in the last 4 years (2013/14-2016/17) to 158.9 million bags in coffee year 2016/17 with highest growth in Asia and Oceania (4.2%), North America (2.2%); Europe (1.1%) and South America (1.0%). Global consumption is projected to reach 175 million bags in 2020 as shown in figure 9.

Figure 9 Time-Series of Global Coffee Consumption



- 1.5.4 Global opening stocks for 2017/18 especially of Robusta coffee are estimated to be 42.3 million bags (18.6 million in producing countries and 23.7 million bags as inventory in consuming countries).

## 1.6 Local Outlook

- 1.6.1 Coffee production in next financial year 2017/18 will be higher on account of coffee planted earlier which started fruiting this year. The focus will be to implement the nine initiatives of the Coffee Roadmap which targets to produce and export 20 million 60-kilo bags per year by 2025 beginning with development of a costed implementation plan.

The focus next Financial Year will be to implement the nine initiatives of the Coffee Roadmap which targets to produce and export 20 million 60-kilo bags per year by 2025

- 1.6.2 The initiatives are (i) Build structured demand through country-to-country deals, especially with China (ii) Brand Uganda coffee to drive demand and improve value by up to 15% (iii) Support local coffee businesses for value addition (e.g., primary processing, soluble coffee) (iv) Strengthen farmer organisations and producer co-operatives to enhance commercialization for ~900,000 farmers by 2020 (v) Support joint ventures between middle-class owners of underutilized production land and investors (vi) Provide and promote concessions for coffee production on large underutilized tracts of land (vii) Improve quality of planting material (seeds and seedlings) through strengthened research and multiplication of improved varieties (viii) Improve access to quality inputs by reducing counterfeiting (fertilizer, pesticides, herbicides) from current 40-60% and (ix) Develop coffee finance programme with Central Bank and Treasury to provide loans of up to ~900mm USD by 2020.





# QUALITY AND REGULATORY SERVICES

Chapter  
**Two**

## 2.0 Introduction

The Directorate of Quality and Regulatory Services (DQRS) executed programs of quality improvement and assurance, training and skills development, value addition, generic promotion, and promotion of domestic coffee consumption.

In quality improvement program, the quality of coffee in the field was evaluated in terms of out-turn, moisture content and screen size distribution and the information was disseminated to the stakeholders. The quality of both Arabica and Robusta coffee at the primary processing level improved especially in moisture content and bean size compared to the previous coffee year.

At the exporter level, 776 FAQ coffee samples (616 Robusta and 160 Arabica) were analyzed using the export grading form 5.

The moisture content, screen retention above screen 15 and out turn were 13.0%, 72.1% and 82.0% respectively for Robusta export delivery samples. While, the moisture content, screen retention above screen 16, This high performance was achieved through increased inspection of FAQ deliveries at export level out turn and defects were 12.6%, 76.3% and 79.5% respectively for Arabica samples.

Evaluation of the coffees in the field reflected good out-turn for both Arabica and Robusta and the moisture content was maintained below the 14% limit though there is still a need to intensify sensitization on proper drying techniques.

The Directorate continued to train industrial players at post-harvest level in best handling and manufacturing practices, machine maintenance and best hygiene practices. In the field of quality assurance, the percentage of clean cups was maintained at high levels. Washed and certified Arabica coffee recorded the best cup largely attributed to establishment and strict observance of post-harvest procedures in addition to certification process prescribing ethical, health and environmental standards.

There was an increase in the volume of coffee referred for re-processing from 51,229 bags in 2013/14 to 71,858 bags in 2014/15 to 76,591 bags in 2015/16 to 98,207 bags in 2016/17.

The referrals were due to high moisture content (43.0%), low screen retention (31.0%), high defect percentage (25.4%) particularly withered and floats and adulteration (0.6%). The low screen retention was as a result of poor machine setting while withered and floats occurred due to drought at bean formation. The high occurrence of rejections was mainly due to low screen retention, which will be rectified by the training of machine operators.

A number of training programs were undertaken including training in Basic Quality Control; Barista training; training of coffee roasters and brewers; training of trainers in Robusta-R and Arabica -Q graders; farmers; and certification of Robusta and Arabica graders.

On promotion of domestic coffee consumption, UCDA continued to participate in local trade fairs and exhibitions to promote Uganda coffee. UCDA continued to support the formation of university coffee clubs to attract the youth to participate in coffee activities such as barista championships and enhance coffee consumption.

UCDA continued with the promotion of coffee on the global market through participation in international trade fairs, exhibitions and maintaining the promotional center in China.

### 2.1 Quality Improvement

2.1.1. 148 samples (81 Robusta and 67 Arabica) were evaluated to determine quality of coffee in the field. The moisture content, screen retention above screen 15 and out turn were 13.0%, 68.7% and 84.2% respectively for Robusta field samples. The moisture content, screen retention above screen 16 and Out Turn were 13.1%, 74.0%, and 82.5% respectively for Arabica field samples.

2.1.2. In a bid to enforce Coffee Regulations, UCDA conducted 5 radio announcements to create awareness on harvest and post-harvest practices and carried out 5



On promotion of domestic coffee consumption, UCDA continued to participate in local trade fairs and exhibitions to promote Uganda coffee

field task forces with support of the Agricultural police in central (2), Western (2) and Eastern (1) regions. 110 factories and 9 stores were closed for non-conformance to the regulations i.e. processing wet coffee, having poor structure establishment, harvesting immature cherries, drying on bare ground, unhygienic conditions and for lack of valid license. 78 primary processing units were temporarily closed as the measure to reduce on poor post-harvest practices while farmers, traders and primary processors were sensitized on good harvesting, good post-harvest handling practices and coffee regulations. The Directorate plans to frequent the taskforces in order to curb the poor coffee handling practices and improve compliance to Coffee Regulations.

The Directorate leadership conducted 16 monitoring and supervision field visits in Northern region (1), Western (3), Eastern (4), South Western (4) and central (4) regions to assess program performance of the Directorate. A team of QRS staff, Uganda National Bureau of Standards (UNBS) & Agricultural Police carried out inspection of 11 roasting factories. 4 factories were closed for operating in unhygienic conditions, use of poor quality raw materials and lack of licenses.

## 2.2. Quality Assurance

UCDA undertakes pre-shipment inspection for physical and sensory analysis for export coffee. 4,185,940 bags were inspected and loaded for export in 2016/17, a 17.7% increase from 3.56 million bags in 2015/16. The export loadings constituted of Robusta (3,188,144 bags) and Arabica (997,796 bags).

2.2.1 In regard to cup performance 8,425 coffee samples of export lots were analysed with 42,125 cups liquored. A total of 6,688 samples of Robusta were analysed (Physical Analysis), 33,440 cups liquored, clean cups (98.07%), and Un-clean cups (1.93%), Common defects: Tainted (0.9%).

For Arabica, 1,737 were samples analysed (Physical Analysis), 8,685 cups liquored, clean cups were (98.30%) and Un-clean cups were (1.70%).

## 2.3. Coffee Referred For Reprocessing

In the year FY 2016/17, 98,207 bags of coffee were referred for non-conformance to export standards due to; (i) high moisture content (43.0%), (ii) Low retention (31.0%) and (iii) High percentage defects (26.0%). Compared to the FY 2015/16, 76,591 bags that did not conform to the standards were referred for reprocessing compared to year 2014/15, whereby 71,858 bags and 51,229 bags (2013/14) were referred. This was higher compared to the previous year due to high speed grading and erratic weather conditions.

Table 11: Coffee Rejections (60kg bags) 2011/12 to 2016/17.

DEFECTS	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	Percentage
<b>Defects</b>							
1. Wetness	9,016	9,369	19,365	35,606	12,691	42,229	43.0
2. Poor Retention	31,498	18,166	24,795	18,396	45,487	30,444	31.0
3. High %age of Defects	15,833	6,044	7,114	17,858	18,413	25,534	26.0
<b>TOTAL</b>	<b>56,347</b>	<b>33,579</b>	<b>51,229</b>	<b>71,858</b>	<b>76,591</b>	<b>98,207</b>	<b>100.00</b>

## 2.4 Training programs

In CY 2016/17, 36 QCs (13 Female) were trained under the basic quality control course covering coffee knowledge, grading roasting, brewing, production techniques and cupping. The group was comprised of university students (18) and industry sector players (18). The group was attached for hands-on training and also introduced into both Arabica and Robusta growing areas.

UCDA undertakes pre-shipment inspection for physical and sensory analysis for export coffee. 4,185,940 bags were inspected and loaded for export in 2016/17, a 17.7% increase from 3.56M bags in 2015/16

They underwent an evaluation exercise for Fine in collaboration with Coffee Quality Institute (CQI) USA and CORE project; UCDA staff / R instructor conducted 2 R grader courses with 13 roasters & buyers, and 1 R instructor evaluation exercise for Fine Robusta coffees in Scotland (8) and Switzerland (5). Seven (7) roasters and buyers were certified and licensed as R robust graders (Switzerland – 3, Scotland 4)



They were trained in skills and knowledge of sampling, sample preparation, FAQ grading, green coffee classification, defects and post harvest handling techniques as well as coffee regulations whereas cupping sessions were conducted to demonstrate practices to cup quality.

- Q Arabica grader calibration exercise was conducted with 8 QCs and all were licenced as Q Arabica graders.
- 597 field based quality controllers (155 Female) were trained in skills and knowledge of sampling, sample preparation, FAQ grading, green coffee classification, defects and post-harvest handling techniques as well as coffee regulations whereas cupping sessions were conducted to demonstrate practices to cup quality. The trainings were held in 18 districts; Mbale, Masaka, Kagadi, Masindi, Kasese, Luwero, Wobulenzi, Nakaseke, Kayunga, Kamuli, Iganga, Mityana, Rwashamire, Nyamunuka, Rukungiri, Kanungu, Kayunga and Mukono. These trainings will enhance the quality of coffee and thus improve the livelihoods of the growers.
- 116 (26 Female) traders were trained in value addition, Good Harvesting (GH) and Post Harvest Handling (PHH) practices, bulk selling, speciality coffee and graded coffee best handling practices and processing techniques in Butambala, Kyotera, Kalisizo and Mpigi districts.
- 270 stakeholders (34 women) were trained (10 sessions) on the benefits of selling better quality coffee and best practices Good Agricultural Practices (GAPs), Sensory analysis, coffee regulations and Post Harvest Handling Practices (PHHP) in 5 regions.
- Sensitized 20 members of Uganda Women Entrepreneurs Association Limited (UWEAL) on coffee as a business through value addition.
- 59 brewers and baristas (18 female, 41 male) were trained in 3 sessions in Mbarara, Iganga and Jinja districts on coffee processing, roasting and brewing techniques for different espresso based beverages.
- 40 barista youth (33 male and 7 female) from cafes, hotels and restaurants were trained in general coffee knowledge and brewing techniques; and prepared for the 10th UNBC. 15 finalists (5 female) were supported & trained in brewing skills & 12 Judges calibrated by an international Judge.
- Four University coffee clubs were supported to participate in the barista trainings, Inter University Barista Championship (IUBC) and the 10th National Barista Championship. There has been a marked improvement of coffee knowledge among the youth. 40 University students (26 male & 14 female) were trained in coffee brewing techniques.
- UCDA supported the Kyambogo University to hold the 5th IUBC with 20 youth (17 male & 3 female) from 5 Universities in the preliminaries and 5 competed in the finals.
- UCDA conducted an essay titled "Roles of the Youth in transforming the Uganda coffee sub-sector by 2020" that attracted 39 essays from 6 tertiary institutions (MUK, Gulu, Busitema, MUBS, NTC Kabale and Livingstone International) and 2 Secondary School finalists.

## 2.5. GENERIC PROMOTION, VALUE ADDITION AND PROMOTION OF DOMESTIC COFFEE CONSUMPTION

### 2.5.1. Promotion of Domestic Coffee Consumption

UCDA promoted coffee consumption at local trade fairs and exhibitions in order to sensitize the public about coffee related information ranging from production to value addition at 2 Local trade fairs: 24th UMA international show – Lugogo and Jinja Agricultural show. UCDA further promoted Uganda coffee at 11 local coffee events in Coffee stakeholders meeting, the International Coffee Day (ICD), World Food Day Celebrations, Agricultural exhibition week, Coffee technology expo, Post Harvest Handling Practices (PHHP) conference, NUCAFE Coffee festival, Kyankwanzi NRM retreat, Inspire Africa

coffee week, media centre and Kibinge farmers Exhibition (Bukomansimbi district). There was increased awareness on health benefits of drinking coffee by use of flyers and coffee tasting by attendees

Agricultural exhibition week, Coffee technology expo, Joint Agricultural Sector Annual Review (JASAR) conference, NUCAFE Coffee festival, Kyankwanzi NRM retreat, Inspire Africa coffee week, media centre and Kibinge farmers Exhibition (Bukomansimbi district). The awareness on health benefits of coffee consumption was explained, flyers with information on Ugandan coffee were explained and disseminated to attendees and engaged in coffee tasting of the best Ugandan coffees.

To encourage farmer households to consume coffee, UCDA conducted 7 coffee promotion shows themed "Coffee on the Road" held in the Mbarara, Bushenyi, Sheema, Kasese, Bwera, Gulu and Masaka towns.

UCDA supported University coffee clubs to participate in University bazaars; Kyambogo University, Makerere University & Uganda Christian University where coffee benefits were explained, club members played a major role in the promotion of coffee and easy coffee brewing techniques were explained. Inaugurated the Uganda Christian University coffee. 30 QCs (12 Female) were trained in cupping skills & World Cup Tasters Championship (WCTC) regulations were explained in preparation for Uganda National Cup-Tasters Competition (UNCTC). The 5th UNCTC was held at the Protea hotel, Kampala.

### 2.5.2. Participation in International Trade Fairs & Exhibitions

UCDA promoted coffee at the 14th African Fine Coffee Association (AFCA) exhibition in Addis Ababa which attracted more than 1,000 attendees. We operated a coffee booth to promote Uganda's specialty and fine coffees bazaar and an information center providing specialty and fine coffees in addition to the relevant information. We provided space to coffee farmers and traders organizations at the booth to promote their coffee products (Kibinge coffee farmers, Ankole Coffee Producers, Nsangi Coffee Association and Zigoti coffee).

Figure: 10 Ugandan Coffee Brands on the Market



UCDA continued to showcase Uganda coffee in international fairs. Coffee was exhibited at the 29th Specialty Coffee Association of America (SCAA) exposition in conferences in Seattle, Washington U.S.A. Coffees from Uganda were exhibited, information on specialty and fine coffee disseminated, in addition to cupping sessions with buyers. Uganda Coffee was appreciated and exports to North America continue to rise.

Uganda Coffee was promoted at the Specialty Coffee Association of Europe (SCAE) Exhibition in Budapest, Hungary where information was circulated and specialty coffee cuppings were conducted. UCDA operated a booth and supported farmers and exporters with space to promote their coffee and products. Uganda coffee was promoted through providing information on the coffee, trading, investment and gave the opportunity to the attendees to taste the best Uganda a coffee. Cupping sessions for roasters and buyers were also carried out.

Promoted Uganda coffee at the Specialty Coffee Association of Japan (SCAJ) exhibition & conference held at Tokyo Big Sight West hall 4 in Tokyo, themed "Surprise".

The expo attracted coffee buyers, equipment manufacturers, roasters, distributors and retailers in Japan and Far East countries.

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The expo attracted coffee buyers, equipment manufacturers, roasters, distributors and retailers in Japan and Far East countries. We promoted Uganda coffee by providing information on coffee trading and investment in Uganda. An opportunity for show goers to taste Uganda's best coffee was availed. UCDA supported Crystal Coffee, a Uganda coffee buyer, roaster, distributor and retailer based in Nagoya, Japan to promote Ugandan coffee products.

UCDA promoted Uganda coffee at the Korea Trade Expo, in Seoul, South Korea. The attendees were given an opportunity to taste fine Uganda coffees and further disseminated information on Uganda coffees.

### **2.5.3 Joint Ventures**

UCDA's regional office in China promoted Uganda coffee at 10 exhibitions and promotion events; 121st Annual Canton Fair; World Coffee Roasting Championship; Annual Consulates' Guangzhou Fair; Food and Hospitality World Expo 2016; China Guangdong International Tourism Industry Expo 2016; The 24th Annual Guangzhou Fair (Consulates Fair); Foshan Golf Open event; the Annual GIVES Event, Art & Fos Uganda Specialty and Fine Coffee Tasting Event and local book stores, malls and food markets in Guangzhou China.

UCDA linked NaCORI to South China Agricultural University and an MOU drafted on joint collaborations on development of new varieties.

Uganda completed the registration of the Uganda Coffee Development Authority Representative Office in Guangzhou, China. The Joint Venture in China was supported in terms of technical assistance and top up on staff salaries.

### **2.5.4 Barista Championship**

Uganda held the 10th Barista Championship at the Protea Hotel, Kampala where the winner was Mark Okuta with 460.5 points. This course continues to attract high participation due to the high demand of baristas in the employment market.

Ugandan Champion was supported to participate in the 7th Africa Barista challenge in Addis Ababa, Ethiopia. Uganda emerged in the 3rd Position in Africa.

### **2.5.5 UCDA Lab Accreditation**

In order to upgrade the UCDA Laboratory to meet the ISO 17025 standard, a Laboratory Gap analysis exercise was completed and report presented to Management on Quality systems and Documentation. The required documentation developed after where a Quality Manual, Standard Operating Procedures, Work instructions and a Quality Policy.

At the close of the year UCDA had engaged Uganda National Bureau of Standards (UNBS) to recognize UCDA Lugogo laboratory to handle food safety parameters. A Memorandum of Understanding (MoU)" between UCDA and UNBS was signed to enhance collaboration and recognition to handle safety parameters in coffee and calibration of coffee equipment.

### **2.5.6 Development of a Uganda Specialty Coffee Profile**

UCDA has continued with the profiling program that involves the mapping out of coffee production areas and describing their distinctive characteristics according to altitude, rainfall and soil type. A draft profiling report was compiled based on sensory analysis organized into 9 ecological zones. Eleven (11) preliminary profiles were developed categorized into 7 Robusta & 5 Arabica. The preliminary profiles were developed from 181 samples of Specialty Arabica and 163 samples of Fine Robusta characterized mainly by a strong fragrance and heavy mouthfeel/body.

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<sup>3</sup>The EAS 105:1999 is an east African standard for roasted coffee beans and roasted ground coffee.

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### **2.5.7 Development of protocols for the Fine Robusta Coffees for the specialty market**

To develop specialty Robusta and coffee finished products standards, 52 coffee finished products' samples were analyzed using East African Standard (EAS) 105<sup>3</sup>:1999 standards, from the market and roasters were organoleptic tested for Body, Acidity (sum of scores = Total score respectively) and Flavor; and undergoing bio-chemical analysis.

No coffee met the excellent category. In the Good (12-15), 1 sample qualified; Fair (9-11), there were 4 samples; in the Failing of (7-8) and in the Poor (0-6) there were 41 samples that failed the cup-taste and the common defects were earthiness, musty, uncleanness, chemical and woody.

### **3.0. Centre Of Robusta Excellence (CORE) project**

The main aim of this project is to gain recognition for Uganda as a centre for excellence for both Robusta and Arabica coffee. The following were achieved:

- Maintained 3 project offices in 3 regions ( South-West-Bushenyi, East-Iganga and Central kampala).
- Eastern CORE laboratory is handling pre-shipment inspection for all exports from this region.
- Engaged Consultants to develop Geographical Information System(GIS) and Traceability software tools for data capture and marketing.
- Trained 2,340 farmers and primary processors (585 Female) in all microcenters.
- The mid-term review of the CORE project was undertaken by a consultant.
- Received agricultural inputs for onward distribution to all microcenters.
- Conducted 6 monitoring and supervision field visit in Eastern (Iganga, Kaliro and Luuka) and Western (Bushenyi, Ibanda, Mitooma, Kyegegwa and Kyenjojo) region that included visitation of the project beneficiaries and evaluation of the CORE project activities ongoing at micro centres.

Final Evaluation and review of the CORE Project was being undertaken by close of the year:

- CORE project was audited by Klynveld Peat Marwick Goerdeler (KPMG)<sup>4</sup> and a report submitted to aBi Trust
- CORE project laboratory equipment acquired was audited by aBi trust with an on-site inspection. All equipment were available and inspected, and in good working condition

Under the Fine and Specialty Coffee promotion and training component, the following were undertaken :

- Supported the 2nd coffee origin trip with 6 buyers/roasters from USA who visited the areas of Kampala, Fortportal, Kasese, Bushenyi and Kanungu
- Supported an R grader course with Fine Robusta samples held in Switzerland

Under Robusta Centred research in processing component, the following were achieved:

- Collected and prepared 36 samples from specialty coffee farmers in the districts of Ibanda, Mbarara, Bushenyi, Mityana, Luweero, Mpigi (Bunjakko), Rakai and Wakiso;
- 7 solar drying modules installed in Iganga, Kamuli, Bushenyi, Sheema, Mubende, Bukomansimbi and Masaka for demonstration of different drying technologies
- 3 mini processing wet mills installed in Masaka, Kamuli and Sheema to pilot wet processing of coffee in the microcenters

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<sup>4</sup> With KPMG in full as " KPMG- Klynveld Peat Marwick Goerdeler

- Trained 124 processors and traders (31 Female) within the CORE microcenters (Kalungu, Bunjakko, Bukomansimbi, Nsangi, Bugiri, Kamuli and Iganga) and lead farmers in basic coffee quality control.
- Post-harvest and value addition training on best handling practices and processing techniques conducted in Kyegegwa, Kyenjojo, Kabarole & Kamwenge where 26 female and 75 male participated.
- 40 samples for NaCORI were sensory evaluated with 3 samples liquored scored below 6 on main characteristics of flavour and after taste due to harshness and bitterness.
- Analysed 20 samples of Arabica and Robusta from Bushenyi, Rubirizi and Sheema. Major defects were the floats in both Arabica and Robusta. Average out turn was 86%.
- Worked with Kyambogo University (KYU) students on natural and aided fermentation processes in Washed Robusta
- 3 trainings were conducted for 116 (29 women) farmers in Sheema district on best harvesting and post-harvest handling practices. This was aimed at Imparting knowledge on practices practices to avoid harvest and post-harvest losses. A number of farmer groups were formed and farm data for 37 Kasana group members collected”

Under the Support Taste of Harvest (ToH) competition and ‘Know Your Cup’ coffee tasting component, UCDA hosted the ToH competition where 53samples were cupped.

- Hosted the Taste of Harvest competition with 53 samples that were cupped; Under the Support Taste of Harvest (ToH) competition and ‘Know Your Cup’ coffee tasting component, UCDA hosted the ToH competition where 53samples were cupped. CORE (26), A total of 8 samples scored above 83% on the SCAA Scale.

Under the Support Taste of Harvest (ToH) competition and ‘Know Your Cup’ coffee tasting component, UCDA hosted the ToH competition where 53samples were cupped.

- Crop to cup mobilised buyers and roasters to visit Uganda under the coffee origin trip
- Engaged with the traceability consultant on mapping Fine Robusta
- Farmers in Central (Kalungu and Ziobwe) linked to EU markets in Italy and Sweden.
- 1,100 kgs of specialty coffee from CORE farmer groups exported to the Italy and Korea
- 20 Robusta samples were analysed from CORE specialty coffee trials

Under the Information sharing and exchange, Education and training component, the UCDA website was updated and training materials along the value chain reviewed and guides developed.



A young coffee plant with several vibrant green leaves is growing from a tree stump. The ground is dark brown soil with some dry leaves and small green weeds scattered around. The background is slightly blurred, showing more of the field.

# COFFEE PRODUCTION PROGRAMMES

Chapter  
**Three**

### 3.0 Introduction

The Development Services Directorate during the year under review implemented programs aimed at increasing coffee production and productivity through generation of clean planting material, promotion of the re-planting program and yield improvements of existing old coffee trees, coffee development in Northern Uganda, support to research, sustainable coffee production, Pests and Diseases Management and strengthening extension services delivery and collaborative partnerships with key stakeholders in the coffee industry. These include:

#### 3.1 Promotion of planting material generation

The strategy is to create a sustainable demand driven initiative in production of coffee planting materials, using elite seed, vegetative cuttings and tissue culture. It involves provision of clean certified seed to private commercial nursery operators, support to nursery proprietors involved in vegetative propagation and sourcing Biotechnology services for mass multiplication. Key achievements under this programme included;

- Distributed 66.607 MT of Elite Robusta and Arabica seed to 742 private nursery operators(412 male and 330 female) through field officers, Local leaders, Political leaders, organized farmer Association and exporter based farmer groups. This generated 176 million seedlings.
- Supported multiplication of Coffee Wilt Disease Resistant (CWDr) lines by various nursery operators resulting into establishment of 105 mother gardens with a total of 148,100 mother bushes.
- Contracted a tissue culture laboratory at National Coffee Research Institute (NaCORI) - Kituza, screened 3 New CWDr varieties for release by Variety Release Committee bringing to total 10 CWDr varieties for multiplication; and screened and recommended shade trees for each coffee zone.
- Contracted a private firm, Farm Inputs Care (FICA) to generate, wean and harden 500,000 tissue culture seedlings. As at the close of the financial year 2016/17, 305,680 plantlets were expected from the embryo, and were at various stages of development while 29,000 tissue cultured seedlings were weaned and hardened.
- Supported seed gardens at Ngetta Zonal Agricultural Research and Development Institute (ZARDI) (Lira District), Buginyanya ZARDI (Bulambuli District), and Zombo (Zombo District) to ensure a sustainable source of clean & certified seed.

#### 3.2 Management of Pests and Diseases

There was continued effort to increase awareness on the infestation and management of pests especially the Black Coffee Twig Borer (BCTB), which continues to spread within the Robusta growing regions. Below are some of the achievements registered:

- Pests and diseases surveillance continued in the BCTB affected districts, especially in Central Region where stem borers were also reported.
- Updating training materials for farmers was in progress at the end of the financial year and awareness was created through radio programs.
- Procured and distributed 6,000 litres and 200,000 mg of Immidachloropid pesticide to farmers for controlling BCTB in which 6,234 acres were sprayed.

A total of 181.282 million seedlings were planted under various initiatives, and benefiting a total of 514,421 households in 90 coffee growing districts.

### 3.3 Promotion of Coffee Replanting

As part of the Strategy to increase coffee production, communities and farmers were mobilized for sustainable coffee planting. This involved collaboration with District Local Governments (DLGs) and Operation Wealth Creation (OWC), and other sub sector stakeholders under various arrangements whereby a total of 181.282 million seedlings were planted and benefiting a total of 514,421 households in 90 coffee growing districts.

### 3.4 Coffee productivity improvement

- This program is intended to improve coffee yield per tree from at least 0.5 kg to 1.0 kg of clean coffee. The initiative is to create awareness amongst farmers through, demonstrations, training and sensitization to stump and prune the old coffee trees, in addition to promotion of good agricultural practices and appropriate soil and water management practices. The following was undertaken;

- Initiated trials on reduced plant spacing to increase plant density.
- Established 289 demonstration sites to improve farmers' knowledge on good agronomic practices and good handling practices.
- Registered and certified 2,079 Coffee nursery operators.

### 3.5 Support to Coffee Development in Northern Uganda

The major goal is to create wealth and improve the welfare of the people in the non-traditional coffee growing areas to ensure sustainable incomes and food security. The Intervention was carried out in the following districts; Apac, Kole, Gulu, Kitgum, Lira, Pader, Oyam, Amolatar, Dokolo, Nwoya, Alebtong, Lamwo and Amuru, Kaberamaido, Agago, Omoro, Ajumani, Moyo, Yumbe, Maracha, Koboko, Arua, Nebbi and Zombo.

The main objective is;

- To support adoption of production of coffee as a perennial cash crop grown on commercial basis.
- To incorporate coffee/banana and cover crops farming in the existing farming system

The following achievements were registered;

- Generated 5.208 million coffee seedlings and 6,000 banana suckers by private nursery operators.
- A total of 754,442 coffee seedlings was planted benefiting 2,793 households. (planting was still continuing for the north)
- Established 18 technology development sites to act as training and demonstration sites on new technologies in the districts of Gulu (3), Nwoya (2), Oyam (3), Apac (2), Kole (2), Kaberamaido (1), Amolatar (1) Dokolo (2) Lira (1) and Alebtong (1)
- Distributed 2,604 MT of elite seed to 167 nursery operators, raising 5.208 million seedling
- Distributed 10.0 MT Polypots to 167 nursery operators to support seedlings propagation.
- Distributed 200 tarpaulins to farmer groups to improve post-harvest handling practices.
- In collaboration with NaCORI, 2 coffee characterization surveys were carried out highlighting both agronomic and quality attributes in the cup. Survival rate of coffee seedlings was found to be above the national average of 60%.
- 4 Workshops conducted on quality improvement and marketing attracting 200 participants (176 male and 24 female).
- 17 Farmer Field School Session conducted attracting 255 of whom 16 were female.



**181.282**  
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households in 90  
coffee growing  
districts.

### 3.6. Promotion of Sustainable Coffee Production Initiatives

The strategy is aimed at improving value addition at farm level and support penetration to niche and specialty markets. The following was achieved under this initiative;

Farmers groups practicing sustainable coffee in the following districts; Kasese (3) Kapchorwa (4) Kween (2) Bulambuli (2) Mbale (3) Bududa (3)Manafwa (2) Mayuge (1) Zombo (4) Nebbi (2), Lwengo (1) Bukomansimbi (1) Kabarole (1) Ibanda (1) Bushenyi (2) Sheema (2) Ntungamo(1) and Kisoro (1) were trained by staff on sustainable coffee production.

### 3.7 Farmer Training and Extension Liaison

In collaboration with other stakeholders (Local Governments and CSOs), regular farmer training was carried out, as a way of improving farmer knowledge and skills.

- 2 Inter-Regional Farmers Study Tours undertaken ;( Eastern to Central; Central to South/Western). Farmers learnt GAPs and shared experiences with their counterparts especially on mixed enterprise management.
- 11 Coffee shows held resulting in strengthening linkages between input dealers, farmers, researchers and other stakeholders.
- Conducted 905 farmer training sessions benefiting 30,800 participants (24,568 Male and 6,232 Female)
- Aired coffee programs on 11 Radio stations with air time of 5,280 minutes used to disseminate information on GAPs, Pest and Disease management, Quality improvement and farmer registration.
- The National Steering Committee under the coffee production campaign conducted chaired by UCDA and coordinated by Cafe Africa held nine (9) meetings and discussed value chain activities such as : Climate change, Research updates, Agricultural finance.
- 11 Coffee District Platforms facilitated to carry out coffee activities; Quality improvement and organize coffee shows.

### 3.8 Provision of Technical Extension Services and Quality Enhancement

As part of the Quality improvement drive, programs were put in place to ensure that quality aspects are upheld at post – harvest level, in addition to enforcement of the Coffee Regulations. The following were the achievements;

- 471 stores registered and licensed.
- 549 primary processing factories licensed.
- 450 Processors and Buyers (350 male and 100 female) trained on:
  - Hygiene requirements,
  - Processing standards and
  - Coffee regulations
- 6 Regional Taskforces conducted for Quality improvement in Western (2), south western (2) and central (2) Regions leading to improved post-harvest handling



The image shows a grid of petri dishes containing coffee leaf samples. Each dish has handwritten labels in blue ink, including 'KR4', '27.03.2017', and '11.04.2017'. The samples are small, light green leaf fragments. The dishes are arranged on a dark purple surface.

# COFFEE RESEARCH

Chapter  
**04**



The National Coffee Research Institute (NaCORI) is mandated to conduct and manage basic and applied research of strategic nature and national importance pertaining to coffee and cocoa. The report hereunder covers coffee research projects supported by Uganda Coffee Development Authority (UCDA) for the financial year 2016/17. It depicts the extent to which the planned activities have been implemented. We are particularly happy to report that varieties we had submitted for release as in the last report were finally released as **“NARO-Kituza Robusta 8”**, **“NARO-Kituza Robusta 9”** and **“NARO-Kituza Robusta 10”**. Further, that the Biotechnology Laboratory is now operational albeit continuing procurement process for full utilization. We note that in some areas, progress was minimal due to lack of capacity as well as uncompromising weather especially in the case of development of hybrids. The molecular work also stalled as the newly recruited Geneticist was doing appropriate background research review. Similarly, the section of socio-economics will be active in the coming year as the newly recruited Socio-economist is now ready to conduct relevant studies.

#### 4.1 Enhancing availability of planting materials

The biotechnology unit at Kituza is expected to boost the multiplication of CWDr plantlets and also use molecular tools for improving the utilization of the coffee germplasm. The process of equipping the unit is still ongoing and the tissue culture section is now operating at 40%. The first cultures for multiplication of the seven (7) CWDr varieties were initiated on the 31st of January 2017. By the year's close a total of 3,585 leaf disc cultures had been generated from eight (8) initiations and were in various stages in the development of the tissue culture plantlets.

Using conventional methods, 115,000 CWDr Robusta seedlings were at various stages in the nursery, 12,603 seedlings availed to farmers and, the mother garden was expanded by additional 8,146 Robusta CWDr at Kituza (0.84ha). Furthermore, 180 Robusta CWDr seedlings were added to mother garden at Ikulwe, Mayuge district.

#### 4.2 Variety Development

During quarter 4 of the 2016/17, three candidate lines that had been submitted to the National Variety Release Committee as reported last year were on July 13, 2017 released as:

- Line 2/22/2 as “NARO-Kituza Robusta 8” yielding 3.123 t ha<sup>-1</sup> of clean coffee
- Line 245/21/5 as “NARO-Kituza Robusta 9” yielding 3.896 t ha<sup>-1</sup> clean coffee
- Line 3/15/1 as “NARO-Kituza Robusta 10” yielding 4.792 t ha<sup>-1</sup> clean coffee

##### 4.2a. Developing more CWDr Robusta varieties with desirable traits:

In quarter 2, efforts to generate new varieties using bio-technology revealed the mean number of days to emergence of flower buds ranged from 35-62 days. Progress was also made in establishing the genetic identity of 100 CWDr Robusta lines. Concentration of Deoxyribonucleic Acid (DNA) in 30 purified samples was found to range from 12-300ng/μl.

In quarter 3, Green bean samples of 10 CWDr clones, including promising clones J24/13/20/1, 2/22/3, 227/54/2, 14/50/1 and 3/71/1, were submitted to UCDA laboratories for quality analysis.

##### 4.2b. Developing superior Arabica varieties currently in various stages:

Results obtained during the reporting quarter confirmed 8 families at Bugusege were relatively resistant to Coffee Leaf Rust (CLR) compared to SL14. Cumulatively therefore, 25 CLR resistant Ex-cook island lines with yields of 1,536 to 5,134 kg.c/ha above the set benchmark yield of over 1200 kg c.c. /ha. were identified, 40 CLR resistant lines and 22 mildly susceptible lines from 11 Ex-Cooke Is. families were available at Bugusege by the close of the financial year.

At Kituza, new Arabica lines Colombia 1 and 2 yielded 876 & 770kg/cc/ha, respectively, which was 140% and 110% better than the control variety KP423, which yielded 366kg/cc/ha.

We are particularly happy to report that varieties we had submitted for release as in the last report were finally released as “NARO-Kituza Robusta 8”, “NARO-Kituza Robusta 9” and “NARO-Kituza Robusta 10.”



### 4.3 Quantifying the effects of shade-tree species on soil fertility and Arabica coffee yield, quality, pest and disease incidence in Mt. Elgon zone:

Preliminary results showed that generally, available phosphorus (Av. P) and nitrogen (N) are below the optimum required level, while potassium (K) is optimally available in the Mt. Elgon zone. It further showed that *F. mucoso* significantly increased available phosphorus and potassium in soils, while *F. ovata* significantly increased soil nitrogen content, all with positive benefits on yields. This suggests that the shade trees could be used to address corresponding soil nutrient deficiencies in coffee soils. Further that shade tree species such as *A. coriaria*, *Ficus mucoso* and *F.ovata* improved on Arabica coffee yield and also reduced on Coffee Leaf Rust (CLR) occurrence with reduced pest damage by mealybugs, skeltonisers stem-borer and canopy mealybugs on Arabica coffee in Mt. Elgon region.

### 4.4 Pest and disease management

On management of BCTB, farmers are advised not to destroy the whole infested coffee seedlings but just trim off the infested part so that they regenerate afresh. And, control measures such as chemical and use of natural enemies should be aimed at the basal parts of the coffee trees

### 4.5 Promotion of technologies and innovations

Up to 50,000 extension materials were availed to end users, and skilling of 2,000 lead coffee farmers in Sembabule, Kalungu, Ibanda and Rubirizi districts was conducted. Technical back-stopping was offered to two farmers in Kakoge and Katooke sub-counties, Nakasongola district at the request of OWC. A review of the recently created Coffee Management Season Calendar for West-Nile Arabica coffee agro-ecologies was completed and is in advanced stages for printing copies for availing to the relevant stakeholders. There was established good promotional linkage with ARIBA farmer group in Amuru district which has undertaken the growing of Robusta coffee.

# ACHIEVEMENTS

## 4.6.1 Expanding capacity to generate quality planting materials at NaCORI:

### 4.6.1.1 Equipping coffee tissue culture and molecular laboratory

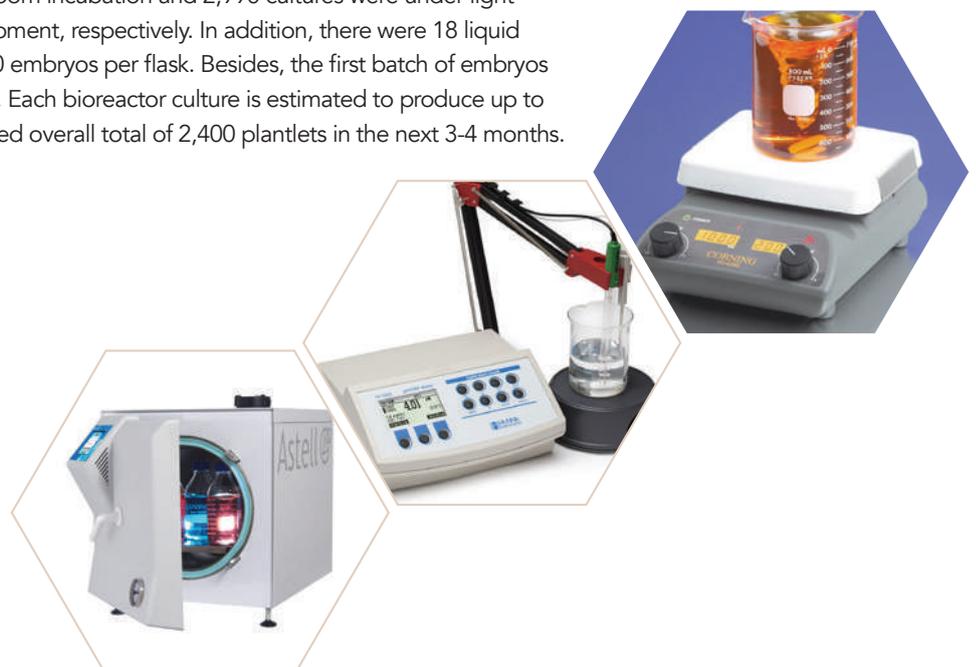
Procurement of essential reagents and equipment for the new ultra-modern tissue culture and molecular biology laboratory at Kizuza has steadily progressed. The main electricity supply was boosted with the installation of a 3-phase transformer (Figure 11) by Umeme (U) Ltd. This, together with the recently installed heavy duty stand-by generator, fully addressed the electricity constraints for the facility by the close of the year. Assortment of new equipment including bio-reactors, pH meters, autoclaves and hot plates had been added to the existing stock.

**Figure 11:** Front and side views of a three-phase transformer recently installed at NaCORI



Installation of growth room shelves and lighting for all the growth rooms and the temporary immersion system for one growth had been completed. One growth room was installed with the growth room requirements. The contract for the procurement and installation of the temporary immersion system for the remaining two growth rooms has been awarded by the year's close. Construction of the green house facility where the tissue culture derived plantlets will be weaned and hardened is almost complete.

By the year's close a total of 3,585 leaf disc cultures had been generated from eight (8) initiations. Of these, 553 cultures were under dark room incubation and 2,990 cultures were under light conditions for callus and embryo development, respectively. In addition, there were 18 liquid cultures (in flasks) with approximately 100 embryos per flask. Besides, the first batch of embryos had been transferred into 24 bioreactors. Each bioreactor culture is estimated to produce up to 100 plantlets that will result in an estimated overall total of 2,400 plantlets in the next 3-4 months.



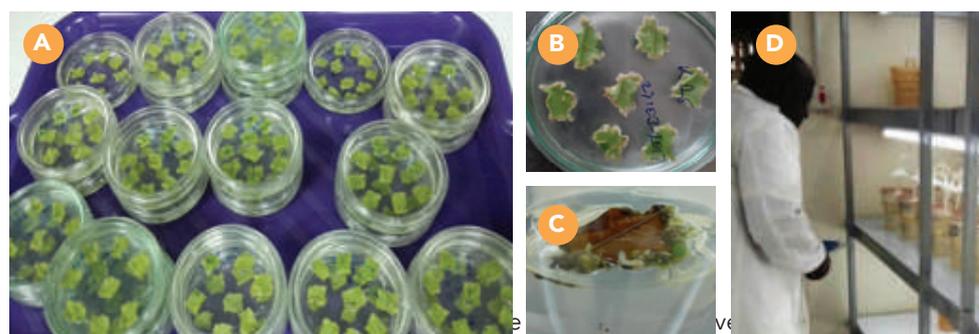
**Table 12:** Status of TC plantlet production close of the year.

STAGE	1	2	3	4	5
Variety	No. of cultures in (dark room)	No. of cultures (light growth room)	Cultures in the liquid media (flask)	Cultures in Bioreactors	Cumulative totals
KR1	18	499	0	9	526
KR2	60	741	14	15	830
KR3	10	150	3		163
KR4	0	358			358
KR5	0	343			343
KR6	89	152			241
KR7	376	747	1		1124
<b>Total</b>	<b>553</b>	<b>2990</b>	<b>18</b>	<b>24</b>	<b>3585</b>

For the targeted 1 million plantlets, about 7000 new cultures will be initiated in the next quarter.

Figure 12:

**Cultures in growth rooms - NaCORI Initiated leaf discs (A); Callus development (B); Embryo development (C) and Embryo regeneration in the bioreactors (D)**



embryogenesis that is aimed at improving protocols for multiplication of CWDr Robusta varieties is being monitored.

Work in the molecular biology section had not yet started by the a but procurements for major equipment like PCR machines, spectrophotometer, fume hood, gel documentation system and molecular reagents have been initiated.

#### 4.6.2 Expanding existing CWDr mother gardens at Kizuza

NaCORI targeted to establish 5.3 hectares equivalent to 16,000 CWDr mother bushes by end of Financial Year 2016/17. This has the potential of producing 480,000 plantlets a year, at estimated 30 plantlets per mother bush per annum.

The target was achieved given that census in the Q4 shows 8,146 mother bushes had been planted on 2.5 acres (0.84ha) of land (Figure 13 – left) to expand the mother bushes to 16,000. Further, another 400 mother bushes have been planted in buckets (Figure 13 - Right) to be used in generation of tissue cultures plantlets.

In response to farmers' need for appropriate coffee shade trees, 8,080 shade trees composed of Cordia Africana, Albizia Coriaria, had been planted and under nursery. This brings to a total of 33,088 shade-trees in the nursery by the end of year.

**Figure 13:** The newly planted Mother garden (right) and, Mother bushes being raised in buckets (left) at Kituza



#### 4.6.3 Expanding capacity to generate Arabica coffee seeds and seedlings at Bugusege

The current annual potential for Arabica seed production at NaCORI is 1,000kg from 1 ha of seed garden at Bugusege sub-station consisting of both varieties SL14 and KP423. However, the institute currently produces approximately 400kg of seed per annum due to the fact that the seed gardens are at any time in different stages of production. In the previous quarters of this year, 550kg of seed were produced, of which 500kg were supplied to UCDA for distribution to nursery operators, and 50kg retained for the NaCORI nursery. **18,020 seedlings** were availed to farmers in Buwasa sub-county in Sironko district. While the 20,000 Arabica seedlings (Fig. 14 -left) generated earlier in the year are also now ready for uptake pathways. The Arabica seed garden at Bugusege has been expanded by **1,900 trees** (Fig.14 - Right) to make about 2 hectares of seed garden.

**Figure 14:** Arabica coffee seedlings (left) and, newly expanded Mother garden (Right) at Bugusege



#### 4.6.4. Development and promotion of Robusta coffee varieties with resistance to leaf rust, Red Blister Disease (RBD) and desired quality

##### 4.6.4.1 Determining molecular characteristics of 100 CWDr lines of Robusta.

This activity is intended to determine the genetic identity of 100 CWDr Robusta lines in order to establish the differences and similarities between the lines. This information will enable differentiation of closely related individuals so as to eliminate duplication in future utilization programs. DNA samples for 30 Robusta lines were extracted and purified. In the last quarter of the year, concentration of DNA from the 30 purified samples was found to range from 12-300ng/ $\mu$ l. (Green bean samples of 10 CWDr clones, including promising clones J24/13/20/1, 2/22/3, 227/54/2, 14/50/1 and 3/71/1, were submitted to UCDA laboratories for quality analysis).

##### 4.6.4.2 Determining morphological diversity of 297 Robusta coffee germplasm materials

The activity aims to derive descriptions of the morphological appearance, growth vigour, fresh cherry yield traits, and resistance to diseases of 297 Robusta accessions at fruit filling stage of the main crop. In the third quarter, 82 Robusta farm accessions were described with 14 entries being resistant to CLR, 11 significantly susceptible, while 57 had mild infection. 9 genotypes were selected for being resistant to CWD, leaf rust and red blister disease and bearing above 1,500kg of clean coffee beans per hectare. The selected genotypes were being cloned to generate planting materials to be planted in replicated multi-location variety trials during the first rains of 2018.

### 4.6.3 Development and promotion of Arabica coffee varieties with resistance to leaf rust, CBD and desired quality

#### 4.6.3.1 On station assessment of Ex-cook island lines for resistance against coffee leaf rust, CBD, pests, growth vigour, yield and quality.

The activity aims to identify individuals/or families among 11 introductions from Ex-Cooke Is. with average 2-year yield of over 1200 kg c.c./ha, ≤ 25% incidence of CLR, CBD, red blister, and with vigorous growth. It is also intended to generate information on relative growth pattern and resistance to CLR, CBD, red blister and pests of the Ex-Cooke Is. introductions at Bugusege and Buginyanya.

During the Q3, 8 families of Ex cook island introductions at Bugusege were relatively more resistant to CLR than SL14. Estimated yield using growth indicators revealed Yield for 25 CLR resistant genotypes among the introductions had a yield ranged of from 1,536 to 5,134 kg.c.c./ha, while 14 mildly susceptible CLR genotypes yielded 1,644 to 5,437 kg c.c./ha. Cumulatively by the years close, 11 of the initial 307 lines were resistant to CLR and yielded (actual) between 1,036 – 2,212 Kg c.c. ha; compared to 1,085 Kg c c /ha in SL14 at Bugusege. Ex-Cooke Is. materials are generally shorter (161 cm) than SL14 (190 cm) (Table 13), implying Ex-Cooke Is. materials can be planted at higher population.

**Table 13: Performance of test Arabica coffee lines at Bugusege**

No	Ex-Cooke Is lines	Yield (Kg cc ha)	Mean tree height (cm)	CLR infection (rating 1-5)
1	1C7	2212	180	1
2	1E2	1484	220	1
3	4E6	1316	160	1
4	3A10	1204	147	1
5	3B8	1064	142	1
6	1E1	1036	153	1
7	2E4	1148	210	1
8	3D10	1064	143	1
9	2B12	1848	140	2
10	4G5	1568	150	2
11	2K11	1288	151	2
	SL14	1288	190	4.1

In quarter 4, Principle Component (PC) analysis of Ex-Cooke Island growth parameter data in BugiZARDI revealed two diversity groups of short and tall coffee trees:

- I. The short trees had many primaries, stem internodes, primary internodes, bearing primaries, number of bearing internodes, pinheads and flowers.
- II. The group with tall trees had a larger canopy diameter, taller canopy height, stem height (Ht) with low yields.

In the evaluation, primary length was not a definite factor for determining both high and low yield. Further evaluation of the Ex-Cooke Island trial materials will consider yield, bean quality, disease resistance to CBD and CLR among other desirable traits. By the year's close symptoms of CLR, CBD, red blister had not observed in the lines of Ex-Cooke Island trial at Buginyanya.

#### 4.6.3.2 Evaluating Arabica coffee hybrids for resistance against CLR and CBD, insect pests, vegetative growth, yield and quality.

The activity aims to generate hybrids with ≤ 25% incidence of CLR, red blister in back-crosses BC3 and BC4, and to determine their relative resistance to CBD, vegetative growth, and fresh cherry weights and quality of hybrid progenies in on-station trials at Bugusege, Kituza and Buginyanya. Results for quarter 3 showed of 20 F1 crosses and SL14 were mildly susceptible to CLR at Kituza.

Results for quarter 2 showed 5 BC3 hybrid families were resistant to CLR while 14 were mildly susceptible at Kituza. 21 F1 hybrid families at Kituza were mildly infected by CLR. 25 F1 hybrid crosses cherry weight ranged from 1.29 g (SL14 x NG9260) to 2.81 g (NG9260 x SL14). Overall therefore, 5 BC3 CLR resistant lines and 21 partially CLR resistant F1 hybrid lines had been identified for further evaluations.

At Kituza, CLR severity of 3 Two Way Cross progeny & KP423  $\leq$  10% while that for 5 other progeny severity range was 11-25%. While at Buginyanya, 8 F1 hybrid first year yield range of 4.0 kgcc/ha (KP162 x NG9257) to 56 kg/cc/ha (NG58 x KP423) versus control SL14 yield of 14 kgcc/ha. 3 Two Way hybrid progeny with  $\leq$  10% CLR severity identified for further evaluation while F1 hybrid progeny at Buginyanya require main yield data among other desirable traits to facilitate selection of high yielding progeny.

In quarter 4 evaluation, of the 28 F1 hybrid progeny at Bugusege, 21 were tolerant to CLR while 7 had  $\leq$ 10% severity. Control KP423 and NG9257 X SL14 CLR severity  $\geq$  25%. Red blister disease was not observed.

Further, the 3 Two Way hybrid progenies at Kituza and 21 F1 hybrid progeny at Bugusege had  $\leq$  10% CLR severity and were selected for further evaluation. F1 hybrid progenies at Buginyanya will require disease and yield data among other desirable traits to facilitate selection of high yielding disease resistant progeny.

#### 4.6.3.3 On-farm evaluation of Arabica lines Elgon A and Colombian Introductions in 2nd year of multi-locational trials

Test lines of Elgon A clones (coded 17) A/3/7, D/12/12, A/3/13, A/4/13, E/13/9, A/4/11, E/13/2, D/11/13, D/11/12, D/11/11, D/12/11, D/11/7, E/13/3, D/12/6, A/3/11, A/2/7, D/11/6 and Colombian lines Castral and Batian with controls SL14 and KP 423 were undergoing multi-locational testing across the Arabica growing environments. Elgon A lines were selected at Kawanda and Kituza based on 1000 kgcc/ha, resistance to CLR and CBD.

The sites for the multi-locational trials and establishment dates are shown in table 14 below;

**Table 14: Sites for Multi-locational trials and their establishment dates.**

Farmer name	Planting date	Village	Sub-county	District
Bugusege	Nov 2014	Kayla	Buwasa	Sironko
Buginyanya	Nov 2014	Kikobero	Masira	Bulambuli
Zeus	May 2014	Atheju East	Zeus	Zombo
Mugide Winnie	April 2014	Kashabul	Bulegeni	Bulambuli
Magambo Anthony	May 2015	Bwenzi	Butiti	Kyenjojo
Dr. Ruhemurana P	June 2016	Kashanja	Kabale	Kabale

During the reporting period, most of the trials were in their 3rd phonological year and first crop to be harvested would be by end of 2017. Otherwise, as seen from that at Buginyanya Fig. 15) vegetatively, there are promising good lines.

**Figure 14:** Trial appraisal by scientists at Buginyanya



#### 4.6.4. Identifying appropriate shade-tree species for coffee agro-forestry systems in Mt. Elgon zone

Over-all, coffee agro-forestry research aims to identify and recommend suitable shade trees for the various coffee agro-ecologies of Uganda. Preliminarily, 3 appropriate shade-tree species for each of the six major coffee agro-ecologies were recommended based on farmers' preferences in each location. However, it is essential that the farmers' demands resonate with the positive effects of the shade trees on soil fertility and yield, quality, and pest and disease incidences. This activity therefore focuses on quantifying the availability of key soil macro- and micro-nutrients under different shade-tree species, the resultant yield and quality performance of the coffee, as well as influence on insect pests and diseases incidences in Mt. Elgon region (Figure 16). Ultimately, the activity will result in selection of best-bet shade tree species for addressing soil nutrient deficiencies, coffee quality defects, as well as pests and disease damage on coffee in the zone.

Preliminary studies confirmed that generally, shading significantly ( $p < 0.05$ ) improved yields of Arabica coffee by 15%, and that benefits were higher in the lower than high altitude areas. Further, shading using *A. coriaria*, *F. mucoso*, *F. ovata* and *F. natalensis* significantly ( $p < 0.05$ ) increased yield by 92%, 80%, 60% and 42% respectively. However, reduction in coffee yield of 11% occurred under *C. africana* shading. Averagely, available phosphorus (Av. P) and nitrogen (N) are below the optimum required level in the Mt. Elgon zone, while potassium (K) is optimally available. *F. mucoso* and *F. natalensis* significantly ( $p < 0.05$ ) increased available phosphorus by 125% and 23% respectively. *C. africana* and *F. ovata* significantly ( $p < 0.05$ ) increased soil nitrogen content by 23% and 15.4% respectively. *F. mucoso* and *C. africana* significantly ( $p < 0.05$ ) increased the level of potassium in soils by 187.2% and 20.4% respectively. These findings suggests that *F. mucoso*, *F. ovata* and *C. africana* could be interplanted in coffee in order to address phosphorus, nitrogen and potassium deficiencies in coffee soils respectively.

Further results showed that shade-trees generally reduced CLR occurrence on Arabica coffee. The reduction of CLR on arabica was especially significant ( $P = 0.001$ ) under *C. africana*, *F. mucoso*, *F. natalensis* and *F. ovata* shading. Meanwhile, *A. corriaria* and *F. natalensis* significantly ( $P = 0.001$ ) reduced damage by stem-borer, canopy-mealybugs and leaf skeletonisers.

**Figure 15:** Unshaded coffee (hit by die back) vs shaded (left) and, NaCORI Scientists assessing influence of shade-tree species on incidence of pests



Follow up data in preliminary results indicated that shade tree species such as *A. coriaria*, *Ficus mucoso* and *F. ovata* improved Arabica coffee yield and also reduced Coffee Leaf Rust (CLR) occurrence with reduced pest damage by mealybugs, skeltonisers stem-borer and canopy mealybugs on Arabica coffee in Mt. Elgon region.

## 4.6.5 Towards understanding bio-ecology of the black coffee twig borer (BCTB) and development of sustainable strategies for its management

### 4.6.5.1 Profiling BCTB infestation by altitude and slope orientation:

This activity aims to generating information on some of the bio-ecological factors that influence BCTB population dynamics and damage. The information is vital for guiding large-scale community-based management programs for the pest in order to avoid wastage and minimize costs. BCTB incidence on primary branches was observed to be significantly higher at medium (1300 m.a.s.l) than lower (1000 m.a.s.l) altitudes, implying that more efforts to manage the pest should be concentrated at medium altitudes. In addition, significantly higher BCTB infestation was recorded on suckers (18.9%) than primary branches (9.2%), emphasizing the importance of de-suckering in management of BCTB in coffee fields. At the station, BCTB was assessed along a coffee tree and infested primary branches. More than 60% of the damage was concentrated at the basal section of the twig (near the attachment to the stem). This implies that control measures such as chemical and use of natural enemies should be aimed at the basal parts of the coffee trees.

### 4.6.5.2 BCTB infestation in nurseries

Further studies observed that nurseries are important sources of BCTB - with 13% and 11% coffee and cocoa seedlings infested (Fig. 16). This implies that, nursery operators should also regularly inspect and monitor infestation in nurseries in order to control the beetle and also to minimize its transmission to other areas through seedlings. The rate of regeneration of seedlings after trimming off the BCTB-infested parts was determined and results showed that 95% of the coffee seedlings were able to regenerate as compared to 8% of the cocoa. Farmers should therefore be advised not to destroy the whole infested coffee seedlings but just trim off the infested part so that they regenerate.

**Figure 16:** Data collection on BCTB infested seedlings in a nursery at Kituza (Right) and, BCTB seedlings recovered from nurseries (Left)



### 4.6.5.3 Determining optimum application rates and frequencies of selected pesticides for managing BCTB and other coffee pests

A number of neonicotinoids and organic chemicals on the Ugandan market are being evaluated for managing BCTB and other coffee pests. Studies to determine the most persistent organic insecticides showed Nimbecidine as the most persistent one (48 hours) while Black-off was the least (12 hours). This insecticide was therefore included in studies to screen for the best-bet insecticides for managing coffee pests. Currently, 4 involving 4 insecticides namely, imidacloprid (Imaxi), Acetamiprid 200g/L (Golan), Thiamethoxam (Striker) and a botanical, Nimecidine are being evaluated for the best-best chemicals for managing Arabica coffee pests at BugiZARDI, Bugusege and on a farmer's field. Data collection continues in FY 2017/18. In addition, the same insecticides are being evaluated for managing BCTB in nurseries at Kituza. Preliminary results show that lowest BCTB infestation (3%) was observed in plots sprayed with Imaxi, supporting chemical recommendations by NaCORI-NARO.

#### 4.6.5.4 Establishing incidence, severity/damage and distribution of coffee pests and diseases

The purpose of this activity is to create a data-base of distribution and status of coffee pests and disease in Uganda. This is crucial for defining relevant IPM research agenda for coffee in Uganda. Biological surveys were conducted in the Arabica coffee growing regions of West Nile and Mt. Elgon. Results showed that the most important insect pests observed in Mt. Elgon region were stem borers (13%) and root mealy bug (11%). On the other hand, coffee leaf rust was the most important disease in the region with the highest severity of 2.2 on a 1-5 scale being recorded in Sironko district. For West Nile region, the most important insect pests were leaf skeletonizers (17%) and leaf miners (6%). Coffee leaf rust was the only observed disease in the region with the incidence of 2.6 in Zombo district and 2.4 in Arua and Nebbi districts. The incidence of stem borer was observed to significantly ( $p < 0.05$ ) decrease with increasing altitude. This means that basing on the climate change scenarios, areas at higher altitudes will become warmer and this pest is anticipated to become a major problem in the future. Research and other stakeholders should therefore devise means of mitigating this. In addition to surveys, surveillance studies were also conducted and a physiological disorder 'hot and cold' disease' was observed on Robusta coffee in Rukungiri district. This disorder is due to alternating hot daytime and cold nights particularly on Robusta coffee. Farmers in this region are therefore advised to either replace Robusta with Arabica coffee or plant shade trees so as to stabilize the microclimate for the coffee plant. In Lwengo district, red blister and mealybugs were observed to be major problems on coffee which need immediate action.

#### 4.7 Evaluating competitiveness of coffee enterprise in mid-eastern (Busoga) region

The activity aims to promote coffee growing in Busoga sub-region viz-a-viz other crop enterprises such as sugar-cane growing. This is compelled by the dwindling coffee acreage hence output, as well as the deteriorating food security and environmental situation in the region. It targets expounding the economic, social and environmental benefits accruing from the coffee enterprise relative to other competing cash crops in the region. It is anticipated that the study will lead to policy recommendations towards promoting the coffee enterprise in the region. Surveys were completed in Jinja and Kamuli districts and the findings are summarised in Table 15.

**Table 15:** Comparative popularity and gross earnings of 4 key commodities in Jinja & Kamuli Districts

Commodity	Mean land allocation to commodity (Ha)			Popularity (% of farmers growing commodity)			Gross margin US\$ /Ha
	Jinja	Kamuli	Mean	Jinja	Kamuli	Mean	
<b>Sugarcane</b>	2	0.9	1.5	46.7	5.1	25.9	3,797,500/=
<b>Maize</b>	0.4	2.2	1.3	25.6	18.9	22.3	580,000/=
<b>Cocoa</b>	0.8	0.3	0.6	16	16.3	16.2	4,985,000/=
<b>Coffee</b>	0.2	2.0	1.1	0.5	48.2	24.4	6,420,000/=

Overall, sugarcane is most popular cash crop in Jinja and Kamuli districts on account of the percentage of farmers in the two districts growing the crop, followed by coffee, maize and cocoa in order of popularity. However, coffee has the highest gross margin, followed by cocoa, sugarcane and maize in decreasing order of earnings per hectare. The amount of land allocated to a commodity was strongly correlated with its popularity ( $R=0.91$ ).

#### 4.8 Promotion of technologies and innovations:

##### 4.8.1 Establishment of demonstration fields for CWDr lines and coffee-banana agro-forestry at NaCORI

NaCORI has embarked on maintaining model coffee fields for purposes of trainings and viewing by stakeholders. This is particularly important since the institute is formally recognized as the Centre of excellence for Robusta coffee in Africa. To that effect therefore, the institute has since established 5 ha of CWDr lines intercropped with Banana and shade-trees for

**Figure 17:** Coffee Research Institute- Kizuza Mukono District



demonstration of coffee productivity under good management practices. Self-mulching using foliage from the tree inter-plants such as *Calliandra* sp. and *Sesbania* sp. have been included.

#### **4.8.2 Other promotional activities**

Other promotional activities included:

- a. Continuing the update of existing BCTB Integrated Post Management (IPM) package in light of new research findings,
- b. Availing additional 50,000 extension materials to end users, and
- c. Skilling 2,000 lead coffee farmers in Sembabule, Kalungu, Ibanda and Rubirizi districts.
- d. Development and availing of coffee management season calendar for mid northern Uganda Robusta coffee agro-ecosystems and West Nile Arabica coffee agro-ecologies (Figure 18)

**Figure 18:** Coffee Stakeholders during “Coffee Management Season Calendar Workshop” in the Mid North



- e. Backstopping two farmers in Kakoge and Katooge sub-counties, Nakasongola at the request of OWC - on establishment and management of young coffee plantation.
- f. NaCORI has participated in 3 district coffee shows (Rubirizi, Bukomansimbi and Luwero) organized by Café Africa and reached out to over 1000 farmers and through national agricultural shows and through radio programmes”
- g. 2 TV talk shows on Bukedde TV with an aim of reaching out to farmers to encourage them engage in coffee growing and on (<https://www.youtube.com/watch?v=KWVPbelaCRI>).
- h. 60 members of ARIBA Farmers Group in Amora village, Lamogi sub-county, Amuru district were visited and trained on agronomic and IPM technologies of coffee. They suggested a number of ways of disseminating information to them, including - radio programmes such as Radio Rupiny and Radio Mega, extension visits e.g. UCDA and use of phones. They prefer to use Luo and English as the best language of communication. The group expects NaCORI to (i) avail improved coffee planting materials, (ii) region-specific shade trees, (iii) offer technical knowledge on soils, (iv) translate the coffee production manuals into Luo, and (v) develop manuals with more diagrammatic illustrations.





Chapter  
**05**

# **EXECUTIVE & CORPORATE SERVICES**



## Introduction

UCDA commemorated 25 years since inception and the celebrations were marked by H.E. President Yoweri Kaguta Museveni on 13<sup>th</sup> April 2017, with the launch of the new 2025 Coffee Roadmap. The UCDA Board and Management was cognizant of the priceless contribution of Government and all stakeholders along the value chain in the transformation of the coffee sub-sector in Uganda.

During the Financial Year 2016/17, the Executive Directorate under the leadership of the Managing Director is responsible for strategic leadership and direction to the Authority for its long term growth and financial sustainability. The Directorate is also home to the Procurement, Corporate Communications, Audit and Compliance functions. The Directorate of Corporate Services is responsible for the following functions: Corporate Governance; Human Resource; Finance; Management and Information System;

In providing executive oversight and support to the technical functions, the 2 Directorates were guided by the following core values;

- Leadership
- Integrity
- Teamwork
- Client focus
- Accountability
- Professionalism

The following performance highlights of the different functions during the period are highlighted below.

### 5.1 Governance

Following the directive of H.E. President Yoweri Kaguta Museveni, and with the support of the Delivery Unit of the Office of the Prime Minister, the Board provided leadership and guidance in the development of the Coffee Roadmap. It is expected to put Uganda on the path of being the biggest coffee producer and exporter in Africa. This will therefore revitalize the vision of attaining a sustainable coffee industry with high stakeholder value for social economic transformation.

The Board of Directors were committed to providing oversight on UCDA's overall strategic framework. In the year, the Board held three (3) full board meetings and nine (9) committee meetings. The Board made the following approvals in the year: Annual Performance Report for FY 2015/16; Budget and Work Plans for FY 2017/18; Quarterly Performance Reports for FY 2016/17; theomestic Coffee Consumption Communication Strategy; the Uganda Coffee sub-sector Communication Strategy; appointment of Management staff; and the structure for the China Representative Office.

Dr. Emmanuel Iyamulemye Niyibigira joined the UCDA Board effective 1st October 2016 upon appointment as the Managing Director. He replaced Mr. Henry Ngabirano who had served UCDA since its inception.

At policy level, the drafting of the Coffee Bill 2017 under the guidance of Ministry of Agriculture Animal Industry and Fisheries was completed. Further, the Board of Directors decided to transform the Sino-Uganda Coffee Joint Venture Company (JVC) in Guangzhou China into a Representative office in the Ugandan Consulate in Guangzhou. It is envisioned that with a representative office in China, there will be better promotion and creation of brand awareness of Ugandan Coffee. The Representative Office is expected to liaise with the diplomatic structures in the Region in the bid to create structured demand for Uganda coffee in the Asia Pacific region.

During the year, the Board held engagements with; Delivery Unit of the Office of the Prime Minister (DU/OPM) NaCORI the European Union; USAID Feed the Future Enabling Environment in Agriculture Activity (USAID-FtF-EEA) Leveraging Excellence in Agricultural Development (LEAD) think tank; Uganda Development Forum (UDF); and UgoCert.

Following the directive of H.E. President Yoweri Kaguta Museveni, and with the support of the Delivery Unit of the Office of the Prime Minister, the Board provided leadership and guidance in the development of the Coffee Roadmap.

These engagements have been used as vehicles to help share the vision of the coffee sub-sector and its challenges. Through such partnerships, UCDA has been able to get substantial funding / support for various programs as well as institutional capacity building regarding the review of coffee Bill.

The Board was appointed by the Minister of Agriculture Animal Industry and Fisheries on 8th May 2014 and its tenure expired on 7th May 2017. Under its tenure, the Board had considerable achievements in the following areas;

- Promotion of planting material production
- Seedlings' distribution and planting
- Multiplication and provision of planting materials
- Disease and Pest Control
- Coffee Rehabilitation
- Northern Uganda Program ( Coffee in new areas)
- Support to Coffee research
- Coffee Quality Improvement
- Increasing Coffee Volumes to new markets
- Branding Uganda as a Global Centre of Excellence For Robusta Coffee
- Domestic consumption
- Institutional strengthening
- Strengthening the organizational structure and Human Resource capacity
- Enhancing corporate financial sustainability
- Strengthening stakeholder collaborations and partnerships
- International and Regional Obligations

## 5.2 Human Resource

Talent acquisition, development and retention combined with creating a friendlier workplace were the key objectives for the human resource function.

### 5.2.1 Staffing

In a bid to strengthen service delivery, the number of staff on the establishment / structure grew from 92 to 109 (38 female). The table below shows the number of Staff in the respective Directorates during FY 2015-16 and FY 2016-17.

Table 16: UCDA's Staff Strength

No.	Directorate	Number of Staff FY 2015-16	Number of Staff FY 2016-17
1.	Executive	6	8
2.	Development Services	39	50
3.	Quality and Regulatory Services	24	24
4.	Strategy and Business Development	7	6
5.	Board Secretary's Office / Corporate Services	16	21
<b>Total</b>		<b>92</b>	<b>109</b>

In a bid to strengthen service delivery, the number of staff on the establishment / structure grew from 92 to 109 (38 female).

### 5.2.2 Appreciation of Staff

During the year, the following Staff left the Authority;

- Mr. Henry Ngabirano
- Mr. Francis Chesang
- Mr. Norman Mutekanga
- Mrs. Rita Kyamuhangire
- Mr. Elias Ayiga

The Authority appreciates their service and contribution, and wishes them success in their future endeavors.

### 5.2.3 Staff training

Various staff were trained in following areas: Team building and strategic planning; Public sector financial management and accountability; Public sector procurement management; Records Management; Continuous professional development for accountants; Legal best practices; practical workplace fire prevention; Investments managements of retirement benefits schemes; Budgeting and costing techniques; tax training, Government of Uganda (GoU), Integrated Finance Management System (IFMS) and Procurement; Agricultural environment controlling technologies of arid areas; Regulatory Impact Assessment; and ntegrated Finance Management System (IFMS).

### 5.2.4 Staff Rewards and Recognition

At its 25th anniversary celebrations held on 6th April 2017, long serving Staff were recognized and appreciated for their service and contribution. The following staff were recognized;

- Ms. Jane Nakandi
- Mr. Moses Seremba
- Mrs. Phoebe Kazinduki
- Mr. Peter Masai
- Mr. Richard Kagimu
- Ms. Doreen Rose Rweihangwe

## 5.3 Celebrating UCDA's 25 years of Existence

The Authority continued to strengthen its corporate communication function to ensure better stakeholder relations. The corporate communication activities were geared towards sensitisation of the public about UCDA's achievements since its inception, Uganda coffee as a brand, domestic coffee consumption and coffee replanting. A series of events Stakeholder Meetings, corporate social responsibility activities, press conferences, newspaper advertorials, coffee documentary and coffee book were conducted. An internal e-Newsletter was also introduced.

## 5.4 Management Information System

During the period, UCDA concluded a major exercise for the automation of its business processes and a new MIS Server was installed and funtional. Further, a new and secured Local Area Network (LAN) was installed at Coffee with wireless accessibility and the website was upgraded.

A Farmer Registration computer application was developed with data analysis and reporting capabilities. A pilot Coffee Farmer Registration was undertaken Mukono and Buikwe districts

## 5.5 Assets

During the year, the Authority the following was achieved :

- Completed the office space expansion at the lugogo coffee quality Laboratory.
- Acquired various office and laboratory equipment; 33 computers and 8 printers; 1 Coffee Machine and Grinder; 4 Moisture meters; and assortment of office furniture.
- Regularly serviced and maintained the fleet of 5 motor vehicles, 32 motor cycles in good running condition.

A Farmer Registration computer application was developed with data analysis and reporting capabilities. A pilot Coffee Farmer Registration was undertaken Mukono and Buikwe districts

## 5.6 Compliance with Regulatory Frameworks

The Board and Management are grateful for Government's commitment and budgetary support towards coffee activities. The Authority complied with the different reporting frameworks and made timely submissions of reports to the Ministry of Agriculture, Ministry of Finance, Office of the Prime Minister, and PPDA. The Authority received an unqualified audit opinion from the Auditor General and also got a good performance rating from PPDA due to its compliance with procurement regulations. The Authority met its obligations with the Parliamentary Accountability Committees, and Privatization and Monitoring Unit (PMU).

## 5.7 Partnerships

In the period, UCDA's partnership with Operation Wealth Creation (OWC) and Local Governments in the coffee replanting programme enhanced the distribution of coffee seedlings, and monitoring and supervision of the replanting programme.

During the year, UCDA signed 102 MoUs with various stakeholders for promotion of the Coffee Subsector; 98 MOUs were signed with Local Governments, 1 MOU with BUCADEF, 1 MOU with Crop to Cup (for promotion of Uganda's coffee in the USA), 1 MOU with Uganda Prisons Service, and 1 MOU with Uganda Cooperative Alliance (UCA). The Authority maintained membership with the Institute of Corporate Governance of Uganda (ICGCU), Federation of Uganda Employers (FUE), and the Corporate League.

The Authority continued to partner with the National Coffee Platform for the mobilization of resources for coffee programmes, farmer sensitization, and feedback sharing on the implementation of coffee programmes.

During the financial year, UCDA continued to support several coffee associations such as: International Women in Coffee Alliance (IWCA) Uganda Chapter Women in Coffee, Uganda Chapter, Uganda Coffee Federation (UCF), Uganda Coffee Farmers Alliance (UCFA), Africa Fine Coffees Association (AFCA), and the National Union of Coffee Agribusiness and Farm Enterprises (NUCAFE).

## 5.7 Intergovernmental meetings / international coffee obligations

Uganda participated in a number of meetings and Uganda's membership was secured and obligations with ICO were upheld such events included:

- The 117th session of the International Coffee Council of the ICO.
- The 4th African Coffee Symposium and the 56th InterAfrican Coffee Organisation (IACO) Annual General Assembly (AGA).
- The 4th African Coffee Scientific Conference.

The IACO Meetings resolved to prioritise public private partnerships in coffee production as well as strengthen youth involvement in the coffee industry.

# Statistical Appendix

**Appendix 1:** Coffee Exports by Type by Value from CY 1990/91 to 2016/17  
Quantity in 60-kilo Bags; Value in US \$; Unit Value in US\$/Kilo

Coffee Yr	Robusta		Arabica		Total		Robusta	Arabica
	Quantity	Value	Quantity	Value	Quantity	Value	Unit Value	
1990/91	1,924,319	105,733,784	160,948	15,647,712	2,085,267	121,381,496	0.92	1.62
1991/92	1,884,183	91,742,542	169,034	12,813,523	2,053,217	104,556,065	0.81	1.26
1992/93	1,841,510	90,576,148	247,132	18,117,843	2,088,642	108,693,991	0.82	1.22
1993/94	2,471,960	192,307,120	533,245	81,351,730	3,005,205	273,658,850	1.3	2.54
1994/95	2,284,109	338,762,354	507,644	93,731,757	2,791,753	432,494,111	2.47	3.08
1995/96	3,762,347	345,136,777	386,456	43,779,380	4,148,803	388,916,157	1.53	1.89
1996/97	3,789,013	288,858,906	448,101	66,267,735	4,237,114	355,126,641	1.27	2.46
1997/98	2,691,278	227,361,611	341,060	49,112,624	3,032,338	276,474,235	1.41	2.4
1998/99	3,291,540	247,869,096	356,449	35,126,416	3,647,989	282,995,512	1.26	1.64
1999/00	2,390,682	121,850,127	526,575	42,899,788	2,917,257	164,749,915	0.85	1.36
2000/01	2,617,777	79,703,961	456,996	25,072,463	3,074,773	104,776,424	0.51	0.91
2001/02	2,715,955	64,496,820	430,426	19,440,133	3,146,381	83,936,953	0.4	0.75
2002/03	2,221,440	81,843,934	442,448	22,943,160	2,663,888	104,787,094	0.61	0.86
2003/04	1,979,353	82,611,561	543,689	33,093,283	2,523,042	115,704,844	0.7	1.01
2004/05	1,986,890	105,833,286	518,000	56,262,950	2,504,890	162,096,236	0.89	1.81
2005/06	1,408,314	103,873,269	594,010	66,470,317	2,002,324	170,343,586	1.23	1.87
2006/07	2,144,482	192,779,546	559,754	63,801,298	2,704,236	256,580,844	1.5	1.9
2007/08	2,713,498	316,060,409	497,105	72,337,793	3,210,603	388,398,202	1.94	2.43
2008/09	2,405,137	212,848,980	648,551	78,912,759	3,053,688	291,761,739	1.47	2.03
2009/10	1,957,400	163,484,690	711,571	103,230,931	2,668,971	266,715,621	1.39	2.42
2010/11	2,484,013	294,606,045	665,410	154,284,625	3,149,423	448,890,669	1.98	3.86
2011/12	1,904,176	223,976,023	822,073	168,722,105	2,726,249	392,698,138	1.96	3.42
2012/13	2,781,478	317,728,861	801,151	114,965,197	3,582,629	432,694,059	1.9	2.39
2013/14	2,735,020	285,614,846	764,809	108,307,489	3,499,829	393,922,335	1.74	2.36
2014/15	2,722,636	288,389,791	733,216	122,160,149	3,455,852	410,549,941	1.77	2.78
2015/16	2,435,160	223,655,972	880,407	103,020,278	3,315,567	326,676,251	1.53	1.95
2016/17	3,618,631	404,858,546	986,527	139,729,082	4,605,158	544,587,628	1.86	2.36
<b>Average</b>	<b>2,487,493</b>	<b>203,428,334</b>	<b>545,659</b>	<b>70,800,093</b>	<b>3,033,151</b>	<b>274,228,427</b>	<b>1.36</b>	<b>2.16</b>

## Appendix 2: Uganda's Coffee Exports by Month by Destination , FY 2017/18 in 60 kilo Bags

DESTINATION	July	August	September	October	November	December	
EU	212,321	174,037	128,812	134,304	253,233	281,292	
SUDAN	19,600	61,250	23,770	21,450	78,318	49,429	
INDIA	12,200	19,988	9,030	21,903	20,803	22,326	
TUNISIA			20,160	4,160	18,036	15,412	
USA	10,380	8,600	5,108	10,992	12,789	18,300	
MORROCO	2,950	1,992	3,600	2,612	1,336	2,992	
ALGERIA			1,920				
SWITZERLAND	6	994	320	2,596	3,140	6,053	
SOUTH KOREA		9,040	3,466		300	600	
RUSSIA	1,620	4,820	2,580	1,290	2,214	1,622	
SOUTH AFRICA	2,240	420	3,200	1,600	3,580	2,554	
JAPAN		1,600	1,860	920	4,254	4,125	
CANADA				1,600	2,560	4,480	
CHINA	960	1,640		960	960	1,580	
ISRAEL	4,250	3,200	1,600	1,920	1,260	1,600	
NEWZEALAND			320	318	320	1,800	
UK	320	640	2,240	1,280	2,990	140	
Mexico						6,720	
SINGAPORE	640					1,336	
TURKEY	53	158	320	640	1,280	640	
AUSTRALIA						640	
CAPE VERDE		1,280				1,280	
TAIWAN		300	300	600			
SYRIA							
KENYA							
VIETNAM							
EGYPT	270	810					
BAHRAIN			350				
Ukraine						320	
IRAN							
NORWAY							
CHILE	320						
Malaysia		290					
Sauda Arabia							
Oman	20						
Qatar							
Hongkong							
Kuwait							
<b>Total</b>	<b>268,150</b>	<b>291,059</b>	<b>208,956</b>	<b>209,145</b>	<b>407,373</b>	<b>425,241</b>	

January	February	March	April	May	June	Total	Mkt. Share
251,160	256,463	239,206	182,745	199,870	240,262	2,554,008	61.01
52,056	29,955	73,803	55,250	88,290	56,899	610,070	14.57
21,454	19,730	10,910	11,480	21,836	12,845	204,505	4.89
21,919	7,063	12,074	3,520	20,310	29,436	152,090	3.63
13,582	13,819	11,813	17,144	14,728	12,176	149,431	3.57
4,142	16,651	24,759	13,808	17,688	17,721	110,251	2.63
668	335	4,008	10,475	22,290	36,174	75,870	1.81
18,853	20,969	5,368	5,317	285	4,915	68,816	1.64
4,676	12,657	2	470	900		32,111	0.77
1,440	2,334	3,543	2,560	3,280	3,550	30,853	0.74
1,924	2,540	3,520	2,687	3,535	2,254	30,054	0.72
2,610	922	1,783	3,550	6,240	1,911	29,775	0.71
3,550	2,600	4,140	3,230	2,560	2,254	26,974	0.64
640	2,530	2,604	3,882	1,315	3,114	20,185	0.48
1,300	1,484	680	640	320		18,254	0.44
360		4,963	1,420	2,493	1,740	13,734	0.33
	1,570	3,180	330		640	13,330	0.32
					3,213	9,933	0.24
1,760	2,042		3,660	320	2	9,760	0.23
640	320	640	340	950	479	6,460	0.15
965	1,579	-	640	320	960	5,104	0.12
						2,560	0.06
		620		600		2,420	0.06
654		1,280				1,934	0.05
	320	57	670	320		1,367	0.03
320	640	320				1,280	0.03
						1,080	0.03
			724			1,074	0.03
			640			960	0.02
		320	200			520	0.01
			16			350	0.01
						320	0.01
						290	0.01
			168			168	0.00
						20	0.00
					20	20	0.00
		5				5	0.00
				4		4	0.00
<b>404,673</b>	<b>396,523</b>	<b>409,598</b>	<b>325,566</b>	<b>408,454</b>	<b>430,565</b>	<b>4,185,940</b>	<b>100.00</b>

**Appendix3: Uganda's Coffee Exports by Exporter by Month, Financial Year 2017/18 in 60-Kilo Bags**

EXPORTER	July	August	September	October	November	December	January	February	March	April	May	June	Total
KYAGALANYI COFFEE LTD	40,646	42,391	34,735	27,745	49,394	59,462	58,682	50,988	64,447	54,517	62,706	78,367	624,400
UGACOF LTD	34,367	28,581	33,218	20,474	42,284	65,326	27,706	38,272	51,186	44,636	83,490	72,500	542,040
IDEAL COMMODITIES COMMODI	25,730	35,916	18,100	25,956	35,740	40,072	35,284	38,310	31,096	41,136	45,984	39,438	412,762
OLAM (U) LTD	11,476	11,712	24,794	20,009	50,578	34,688	35,285	37,107	42,590	27,095	32,884	38,258	366,476
EXPORT TRADING CO.LTD	13,532	19,124	27,212	13,600	25,414	18,230	12,166	22,576	25,303	22,460	25,030	29,212	253,859
KAAWACOM (U) LTD	17,913	25,084	9,329	10,144	20,205	24,975	17,239	13,273	26,939	21,144	46,221	16,764	249,230
IBERO (U) LTD	24,162	15,524	6,498	8,334	31,160	31,357	23,300	19,116	23,636	15,800	14,134	15,994	229,015
KAMPALA DOMESTIC	12,178	13,186	1,860	2,220	27,399	25,613	31,238	23,194	22,587	7,158	20,424	34,494	221,551
BESMARK COFFEE LTD	18,330	13,776	10,894	12,145	19,230	9,100	23,249	16,416	15,740	13,510	6,100	6,904	165,394
COMMODITY SOLUTIONS (U) L	11,010	15,372	2,768	10,274	11,790	21,428	17,188	13,544	13,674	12,722	6,874	14,860	151,504
LD COMMODITIES (U) LTD	5,778	10,572	7,800	8,862	6,504	5,608	23,732	29,417	10,536	7,954	10,634	7,944	135,341
GREAT LAKES COFFEE LTD	6,200	8,440	7,720	14,360	16,234	10,920	11,544	9,470	11,502	10,535	11,420	10,780	129,125
SAVANNAH COMMODITIES LTD	6,152	14,106	2,038	2,084	12,798	11,338	14,876	12,875	11,490	3,954	7,370	10,473	109,554
ISHAKA QUALITY COMMODITIES	10,190	5,968	5,606	9,018	11,622	14,397	14,629	10,876	5,904		330		88,540
COFFEE WORLD LTD	1,028		320	4,160	11,160	14,418	14,578	13,731	7,645	3,400	4,272	7,396	82,108
BAKHSONS TRADING CO LTD	1,988	2,750	1,624	320	1,010	2,270	5,328	7,720	3,424	6,146	6,248	7,578	46,406
ANKOLE COFFEE PRODUCERS L	6,626	5,980	3,250	5,578	6,320	4,800	3,868	320	1,870	660	2,100	3,240	44,612
NAKANA COFFEE FACTORY LTD	1,958	998	320		4,660	10,413	6,921	8,685	2,018	3,154	360	3,828	43,315
ANKOLE COFFEE PROCESSORS	2,410	6,842	1,160	934	3,060	4,172	4,838	4,296	5,448	1,420	2,800	5,582	42,962
SENA INDO (U) LTD	1,800	1,415		855	285	4,275	5,985	3,135	3,370	4,995	3,430	2,465	32,010
TOUTON (U) TLD							326	6,843	6,328	5,390	5,918	6,850	31,655
RISALA (U) LTD		950	1,000	3,050	5,850	3,100	1,748	5,064	2,456	1,357	960		25,535
BULAMU COFFEE BUYERS LTD	1,650	1,336		668	2,032	2,744	4,754	3,030	5,810		685		22,709
MBALE IMPORTERS EXPORTERS	1,340	960	1,310	1,960	5,190	2,280	970	680	2,571	397	1,980	700	20,338
KAWERI COFFEE PLANTATION	320	1,600	1,414	200	1,280	960	2,840	974	2,880	1,614	334	5,120	19,536
KARAZ COFFEE FACTORY LTD	3,523	2,800	1,770	2,150	1,465	825						3,149	15,682
BANYANKOLE KWETERENA	2,656	1,638	690	1,714	1,388	360	2,682	334	998	1,652	1,020		15,132
BAKWANYE TRADING CO.LTD	320	960		1,040	1,020	640	988	1,002	320	1,080	1,000	320	8,690

BUKOZO JOINT CO.OP LTD	640	960	640	320	780	640	320	640	740	640	640	6320
KIBINGE FARMERS CO.OP LTD	960	640	320	640	360	360	720	360	360	360	680	5,860
TATA COFFEE LTD								4,200	1,500			5,700
ZIGOTI COFFEE WORKS LTD	974			1,336					2,664			5,294
KAMBA PETROLEUM (U) LTD									720	360	360	5,060
NUCAFE LTD		650	330	5	330	330	985	320	354			3,624
QUALICOFF (U) LTD											2,672	2,672
TURADS TRADING (U) LTD							334	640	508	660	440	2,582
DISCOVERY TRADING LTD									900		1,500	2,400
POWERSTORM (U) LTD									664	334	1,368	2,366
PEARL CROPS LTD	976							680			606	2,262
REZLEXINVESTMENTS LTD							320	668	1,034			2,022
PLATINUM COMMODITIES LTD			320				1,666					1,986
NITUBASA EXPORT LTD						330			668	668		1,666
CISCO PETROLEUM LTD										700	700	1,400
BUGISU CO-OPERATIVE UNION	340						320	320				980
UNITED ORGANIC COFFEE LTD				320			290	320				930
SUPERBIA INTERNATIONAL TR		158				349			354			861
SHIBA WORLD INVESTMENT LT			350						386			736
EMPIRE AGRICULTURAL COFFE						320	320					640
BIO NILE (U) LTD						400				20		420
NILE HIGHLAN ARBICA COFFEE									350			350
BAKHITA TWASE PRODUCE									150		1	151
GUMUINDO COFFEE COOP				126								126
TITAN ROASTERS LTD											20	20
KATUKA DEVT TRUST LTD	17											17
SASACOFFEE TRADING									8			8
BROS COFFEE (U) LTD										4		4
KLU (U) LTD											2	2
<b>Total</b>	<b>267,190</b>	<b>290,389</b>	<b>209,144</b>	<b>407,693</b>	<b>425,241</b>	<b>404,673</b>	<b>396,523</b>	<b>409,916</b>	<b>325,246</b>	<b>408,454</b>	<b>430,565</b>	<b>4,185,940</b>

Appendix 4: Uganda's Coffee buyers by month for Financial Year 2016/17 in 60-kilo bags

Month	July	August	September	October	November	December	
Sucafina	34,159	28,529	33,886	20,812	38,592	65,646	
Olam International	14,896	12,824	25,826	14,852	44,650	37,654	
Altasheel	22,720	19,600	9,450	19,600	46,550	36,750	
Volcafe	20,852	12,876	5,277	8,810	14,037	18,422	
Bernahard	24,162	15,524	6,498	8,654	31,160	31,357	
Ecom Agro Industrial	13,629	19,454	7,559	4,897	18,175	18,995	
Aldwami	8,750	19,600	11,200		24,500	11,550	
Icona Café	13,158	7,204	2,030	3,828	13,108	17,852	
Bercher Coffee	13,026	6,652	7,430	17,322	23,766	18,118	
Touton						4,578	
Socadec	17,718	14,548	9,966	11,801	20,672	22,308	
Strauss Commodities	12,354	14,250	10,040	5,176	10,905	9,105	
Gebre Westhoff	4,680	4,248	3,550	6,043	5,220	3,150	
Louis Dreyfus	4,554	3,150	1,704	2,356	2,644	2,922	
Coex Coffee	3,006	12,316	1,024	2,672	334	6,600	
Indus Coffee	1,800	4,398	1,500	7,283	6,290	9,900	
Tata Coffee Ltd	4,320	5,110	4,900	7,880	1,450	9,740	
Cofftea		14,000	7,000	2,100	8,400	6,970	
Luigi Lavaza	2,620	1,280	9,880	3,006	334	16,032	
Office Du Commerce							
Tropicore	4,540	1,240	1,840	3,410	7,440	3,792	
ETG Trading	3,200	5,930	3,670	4,784	3,214	4,590	
Elmathahib		6,650		1,750	1,750		
Guzman Global	2,330	998	1,650	998	7,022	5,074	
Mitsubishi			2,240	5,760	2,240	5,440	
Hamburg Coffee			4,590		3,960	5,390	
Falcon Commodities	320	2,560	1,920	3,520	6,400	1,920	
Intergrano				990	2,020	4,060	
GRB	320	320		700	5,950	5,920	
Others	41,036	57,798	34,326	40,140	56,910	41,406	
<b>Total</b>	<b>268,150</b>	<b>291,059</b>	<b>208,956</b>	<b>209,144</b>	<b>407,693</b>	<b>425,241</b>	

	January	February	March	April	May	June	Total
	28,346	37,926	46,236	44,609	70,305	72,540	521,586
	34,558	46,875	48,000	34,929	18,314	25,754	359,132
	14,700	15,750	43,050	36,750	56,000	30,800	351,720
	24,989	31,972	29,062	28,226	36,366	52,706	283,595
	22,966	19,116	23,636	15,800	14,134	16,314	229,321
	15,789	9,740	24,317	17,704	21,366	13,264	184,889
	18,550	11,200	9,800	8,750	24,500	19,600	168,000
	19,052	15,408	11,948	8,240	13,178	19,360	144,366
	18,446	334	11,200	16,000	2,254	960	135,508
	12,750	43,278	29,988	14,561	11,133	18,105	134,393
	26,922	3,755					127,690
	6,090	5,520	4,560	7,300	11,280	6,400	102,980
	700	8,049	9,101	7,020	25,510	16,390	93,661
	23,334	24,001	5,878	3,140	654	2,938	77,275
	6,264	8,636	7,276	9,448	10,082	9,496	77,154
	8,900	13,720	2,400	6,030	10,265	4,470	76,956
	9,355	7,760	7,970	2,080	3,770	6,475	70,810
	7,670		14,000	7,000		1,400	68,540
	3,868	3,600	4,320	2,880	5,344	11,616	64,780
	12,675	7,040	5,440	3,840	13,456	20,568	63,019
	5,130	12,398	2,880	2,304	1,910	4,396	51,280
	4,920	10,410	3,050	270	1,720	1,500	47,258
	6,300	4,900	4,550	3,500	6,650	3,850	39,900
	4,032	4,040	4,012	2,318	994	2,986	36,454
	5,120	2,880	2,880	1,280	3,520	4,800	36,160
	3,960	5,000		2,520	1,320	4,560	31,300
	1,920	1,920	3,200	2,880	1,280	1,280	29,120
	4,360	3,034	5,834	2,100		6,180	28,578
	3,470		2,800	5,950	700		26,130
	49,537	38,261	42,528	28,137	42,449	51,857	524,385
	<b>404,673</b>	<b>396,523</b>	<b>409,916</b>	<b>325,566</b>	<b>408,454</b>	<b>430,565</b>	<b>4,185,940</b>



# **REPORT ON THE FINANCIAL STATEMENTS**



TELEPHONE

General Lines: +256 - 41 - 7336000  
Auditor General: +256 - 41 - 7336004 Sec.

Email: info@oag.go.ug  
Website: www.oag.go.ug



THE REPUBLIC OF UGANDA

OFFICE OF  
THE AUDITOR GENERAL  
APOLLO KAGWA ROAD,  
PLOT 2C,  
P.O. Box 7083,  
KAMPALA.

VISION: "To be an effective and efficient Supreme Audit Institution (SAI) in promoting effective public accountability"

MISSION: "To Audit and report to Parliament and thereby make an effective contribution to improving public accountability and value for Money Spent"

IN ANY CORRESPONDENCE ON **DCG.47/349/01/17**  
THIS SUBJECT PLEASE QUOTE NO:.....

**14<sup>th</sup> December, 2017**

The Rt. Hon. Speaker of Parliament  
Parliament of Uganda  
**Kampala**



**REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF UGANDA  
COFFEE DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2017**

In accordance with Article 163 (4) of the Constitution, I forward herewith audited financial statements of Uganda Coffee Development Authority for the year ended 30<sup>th</sup> June, 2017 together with my report and opinion thereon.

John F.S. Muwanga  
**AUDITOR GENERAL**

- Copy to:
- The Hon. Minister of State for Finance  
Privatization Unit
  - " The Permanent Secretary/Secretary to the Treasury
  - " The Managing Director, Uganda Coffee Development Authority
  - " The Chairman/Board of Directors, Uganda Coffee Development Authority
  - " The Board Secretary/Head of Finance and Administration,  
Uganda Coffee Development Authority

**REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF  
UGANDA COFFEE DEVELOPMENT AUTHORITY FOR THE YEAR  
ENDED 30TH JUNE, 2017**

**THE RT.HON.SPEAKER OF PARLIAMENT**

**REPORT ON THE FINANCIAL STATEMENTS**

**Opinion**

I have audited the financial statements of Uganda Coffee Development Authority for the Year ended 30 June 2017. These financial statements comprise of the statement of financial Position, the statement of financial performance, and cash flow statement together with other accompanying statements, notes and accounting policies.

In my opinion, the financial statements of Uganda Coffee Development Authority for the year ended 30th June 2017 are prepared, in all material respects, in accordance with Section 51 of the Public Finance Management Act, 2015, and the Financial Reporting Guide, 2008.

**Basis of Opinion**

I conducted my audit in accordance with international Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement's section of my report.

I am independent of the Authority in accordance with the Constitution of the Republic of Uganda (1995) as amended, the National Audit Act, 2008, the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA code), the International Organisation of Supreme Audit Institutions (INTOSAI) Code of Ethics and other independence requirements applicable to performing audits of Financial Statements in Uganda.

I have fulfilled my other ethical responsibilities in accordance with other ethical requirements applicable to performing audits in Uganda. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.



.....  
John F.S.Muwanga  
AUDITOR GENERAL

**BOARD OF DIRECTORS FOR UGANDA COFFEE DEVELOPMENT AUTHORITY FOR  
2016/17**

	<b>Name</b>	<b>Title</b>
1	Mr. Perez Bukumunhe	Board Chairman
2	Mr. Frederick Luzinda	Board Member
3	Eng. Ishak Lukenge	Board Member
4	Mr. John Nuwagaba	Board Member
5	Dr. Albert Musisi	Board Member
6.	Professor Julius Y. K. Zake	Board Member
7.	Mr. Michael Nuwagaba	Board Member
8.	Mr. Richard Okot	Board Member
9.	Mrs. Rose Kato	Board Member
10.	Mrs. Beatrice Byarugaba	Board Member
11	Dr. Emmanuel Niyibigira Iyamulemye	Managing Director

## Statement of Financial Performance

[Based on classification of expenditures by nature]

	Note	Actual 30 <sup>th</sup> June 2017 (Shs)	Actual 30 <sup>th</sup> June 2016 (Shs)
<b>OPERATING REVENUE</b>			
Revenue			
Taxes	2	0	0
External Grants Received	3	0	0
Transfers received from the Consolidated Fund	4	85,159,518,062	43,253,252,198
Transfers from the Contingencies Fund	5	0	0
Transfers received from Other Government units	6	0	0
Non – Tax revenue	7	18,560,731,184	20,627,010,465
<b>Total operating revenue</b>		<b>103,720,249,246</b>	<b>63,880,262,663</b>
<b>OPERATING EXPENSES</b>			
Employee costs	8	7,899,448,790	6,123,675,779
Goods and services consumed	9	54,411,409,732	59,857,381,004
Consumption of property, plant & equipment	10	0	0
Subsidies	11	0	0
Transfers to other Organisations	12	0	10,960,710
Social benefits	13	15,000,000	0
Other operating expenses	14	12,000,000	90,880,602
<b>Total operating expenses</b>		<b>62,337,858,522</b>	<b>66,082,898,095</b>
<b>Excess of revenue over expenditure from operating activities</b>		<b>41,382,390,724</b>	<b>(2,202,635,432)</b>
Foreign exchange loss (Gain)	15	0	(2,974,353)
Finance costs	16	0	0
Transfers to Treasury	17	(17,963,795,635)	(20,616,049,755)
<b>Excess of Revenue over expenditure for the year</b>		<b>23,418,595,089</b>	<b>(22,821,659,540)</b>



Dr. Emmanuel Iyamulemye Niyibigira  
Accounting Officer

### Statement of Financial Position

	Notes	30th June 2017 (Shs)	30th June 2016 (Shs)
<b>ASSETS</b>			
Cash and cash equivalents	18	596,935,549	0
Receivables	19	0	0
Inventories	20	0	0
Investments	21	0	0
Non Produced Assets	22	0	0
Total Assets		596,935,549	0
<b>LIABILITIES</b>			
Borrowings	23	0	0
Payables	24	28,076,941,800	22,821,659,540
Pension Liability	25	0	0
Total Liabilities		28,076,941,800	22,821,659,540
Net assets (liabilities)		(27,480,006,251)	(22,821,659,540)
<b>REPRESENTED BY:-</b>			
Amounts due to the Consolidated Fund		(27,480,006,251)	(22,821,659,540)

### Statement of Changes in Equity (net worth)

	Schedule	30th June 2017 (Shs)	30th June 2016 (Shs)
At 1 July - Net worth Last Year (B/F)		(22,821,659,540)	(5,638,886)
Less: Transfers to the UCF account ( Previous Year Balances)		0	0
Less: Transfers back to the Contingencies Fund		0	0
+/- Adjustments ( Cash and cash equivalents)		0	0
Payables adjustments ( See statement of outstanding commitments)		(28,076,941,800)	5,638,886
Revaluation reserve			0
Add: Excess of revenue over expenditure for the Year		23,418,595,089	(22,821,659,540)
Closing Net Financial Worth		(27,480,006,251)	(22,821,659,540)

  
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 Dr. Emmanuel Iyamulemye Niyibigira  
 Accounting Officer

Cash flow Statement for the year ended (continued)

Reconciliation of movement of cash during the year

	Notes	30th June 2017 (Shs)	30 June 2016 (Shs)
At the beginning of the year		0	0
Less: Transfers to the UCF account ( Previous Year Balances)		0	0
Add/ (Less): Adjustments to the opening balance		0	0
Add/ (Less) : Adjustments in cash and cash equivalents		0	0
Net increase (decrease) of cash from the <u>Cash flow Statement</u>		596,935,549	0
At the end of the year		596,935,549	0

For purposes of the cash flow statement, cash and cash equivalents comprise

		30th June 2017 (Shs)	30 June 2016 (Shs)
Cash and bank balances	19	596,935,549	0
Less bank overdrafts	24	0	0
Net cash and bank balances		596,935,549	0

  
 Dr. Emmanuel Iyamulemye Niyibigira  
 Accounting Officer

## NOTES TO THE FINANCIAL STATEMENTS

### Note 1: 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:

	30th June 2017 (Shs)	30th June 2016 (Shs)
United States Dollar	3585.90	3399.86
British Pound	4659.88	4597.63
Euro	4096.89	3775.54

### Note 2: Tax Revenues

Tax revenues comprise both direct and indirect taxes levied and collected on behalf of Government.

	30th June 2017 (Shs)	30th June 2016 (Shs)
Local Services Tax	0	0
Land fees	0	0
Business Licenses	0	0
Other tax revenues	0	0
Total taxation revenues	0	0

### Note 3: Grants Received

	30th June 2017 (Shs)	30 June 2016 (Shs)
Grants from foreign governments	0	0
Grants from International Organizations	0	0
Total Grants	0	0

### Note 4: Transfers Received From the Treasury – Consolidated Fund

	30th June 2017 (Shs)	30 June 2016 (Shs)
Transfers from the treasury- current	85,159,518,062	43,253,252,198
Transfers from the treasury- capital		
Total Transfers	85,159,518,062	43,253,252,198

### Note 5: Transfers Received From the Treasury- Contingencies Fund

	30th June 2017 (Shs)	30 June 2016 (Shs)
Response to natural crisis – location A	0	0
Response to natural crisis- location B	0	0
Total Transfers for the Year	0	0

### Note 6: Transfers received from Other Government Units

Comprise funds appropriated under one vote but transferred to another vote for execution of the intended activities. For instance road maintenance funds, grants recognised by treasury but transferred to other executing MALGS, etc

	30th June 2017 (Shs)	30 June 2016 (Shs)
Transfers received from other Gov't Units- Current (Name of the Government unit)	0	0
Transfers received from other Gov't units- Capital (Name of the Government unit)	0	0
Total	0	0





Other fixed assets	0	0
Total value of property, plant and equipment expensed	0	0

#### Note 11: Subsidies

Subsidies paid during the year are summarized as below:

	30th June 2017 (Shs)	30 June 2016 (Shs)
To public corporations	0	0
To private enterprises	0	0
To private individuals	0	0
Total subsidies for the year	0	0

#### Note 12: Transfers to Other Organisations

Transfers made during the year are summarized as below:

	Actuals 30th June 2017 (Shs)	Actuals 30 June 2016 (Shs)
Transfer to foreign Governments	0	0
Transfers to International Organisations	0	0
Transfers to other government units	0	0
To resident non-government units	0	0
Total transfers	0	0

#### Note 13: Social Benefits

Social benefits paid during the year comprise:

	Actuals 30th June 2017 (Shs)	Actuals 30 June 2016 (Shs)
Pensions	0	0
Employer Social benefits	15,000,000	0
Total social benefits	15,000,000	0

#### Note 14: Other Operating Expenses

These comprise:

	Actuals 30th June 2017 (Shs)	Actuals 30 June 2016 (Shs)
Property expenses other than interest		80,899,590
Miscellaneous other expenses- current	12,000,000	9,981,012
Miscellaneous other expenses- capital	0	0
Total other operating expenses	12,000,000	90,880,602

#### Note 15: Foreign Exchange Gains and Losses

During the year, foreign exchange losses and gains were as follows:

	30th June 2017 (Shs)	30 June 2016 (Shs)
Realized loss (gain) (SFP)	0	2,974,353
Un/realized loss (gain) (SCE)	0	0
Net foreign exchange (gains)/ losses	0	2,974,353

#### Note 16: Finance costs

	Schedule	30th June 2017 (Shs)	30 June 2016 (Shs)
Interests on external debts (external borrowings)		0	0
Interests on other domestic borrowings		0	0
Total finance cost		0	0

**Note 17: Transfers to the Treasury**

These comprise transfers back to the Consolidated Fund of unspent balances from the respective expenditure accounts, transfer of Non tax revenue collected, unspent salaries, among others

	30th June 2017 (Shs)	30 June 2016 (Shs)
Non Tax revenue	17,963,795,635	20,616,049,755
Unspent Salary balances	0	0
Expenditure account balances	0	0
Total for the year.	17,963,795,635	20,616,049,755

**Note 18: Cash and cash equivalents**

	31 December 2016 (Shs)	30 June 2016 (Shs)
<b>DOMESTIC</b>		
Revenue accounts	0	0
Expenditure accounts	0	0
Project accounts	0	0
Collection accounts	596,935,549	0
Cash in transit	0	0
Cash at hand- Imprest	0	0
Others	0	0
Sub-total cash and bank balances- domestic	596,935,549	0
<b>FOREIGN</b>		
Revenue Accounts	0	0
Project Accounts	0	0
Expenditure accounts	0	0
Collection accounts	0	0
Cash in transit	0	0
Cash at hand- Imprests	0	0
Others	0	0
Sub-total cash and bank balances- foreign	0	0
Total cash and bank balances	596,935,549	0

**Note 19: Receivables**

Comprise the following receivables at the end of the year net of any provision for receivables doubtful of recovery.

	30th June 2017 (Shs)	30 June 2016 (Shs)
<b>DOMESTIC</b>		
Loans (short-term) -others	0	0
Advances	0	0
Outstanding letters of credit	0	0
Other accounts receivable	0	0
Total domestic receivables	0	0
<b>FOREIGN</b>	0	0



Loans (short-term) -others	0	0
Advances	0	0
Other accounts receivable	0	0
Total foreign receivables	0	0
Total receivables	0	0
Less provisions against doubtful accounts	0	0
Net receivables	0	0

**Note 20: Inventories**

Comprise strategic stock and other inventories purchased which have not been expensed.

	30th June 2017 (Shs)	30 June 2016 (Shs)
Strategic stock-petroleum products	0	0
Other inventories( goods purchased for re-sale)	0	0
Total inventories	0	0

**Note 21: Investments**

Comprise investments as follows:

	30th June 2017 (Shs)	30 June 2016 (Shs)
Securities other than shares (long-term)-domestic	0	0
Shares and other equity-domestic	0	0
Securities other than shares-foreign	0	0
Total investments	0	0

**Note 22: Non Produced Assets**

	30th June 2017 (Shs)	30 June 2016 (Shs)
Land	0	0
Cultivated Assets	0	0
Other Naturally occurring Assets	0	0
Total Non-Produced Assets	0	0

**Note 23: Borrowings**

	30th June 2017 (Shs)	30 June 2016 (Shs)
DOMESTIC	0	0
Loans from commercial banks	0	0
Interest payable on bank loans/borrowings	0	0
Other / Overdraft	0	0
Total domestic borrowings	0	0
FOREIGN	0	0
Loans from commercial banks	0	0
Interest payable on bank loans/borrowings	0	0
Other	0	0
Total foreign borrowings	0	0
Total borrowings	0	0

**Note 24: Payables**

These are principally accounts payables, domestic and otherwise, outstanding at the year-end and comprise:

	30th June 2017 (Shs)	30 June 2016 (Shs)
Payables		
Trade Creditors	0	0
Sundry Creditors	28,076,941,800	22,821,659,540
Committed Creditors	0	0
Accountable advances	0	0
Withholding tax payable	0	0
Deposits received	0	0
Advances from other Government units	0	0
Miscellaneous accounts payables	0	0
<b>Total payables</b>	<b>28,076,941,800</b>	<b>22,821,659,540</b>

The categorization and aging of the payables is as below;-

	Current Financial Year Shs	Previous Financial Year Shs	Other Financial Years Shs	Total  Shs
Utilities				
Rent				
Contributions to International Organisations				
Court Awards				
Compensations				
Taxes and other deductions				
Others-Nursery Operators	28,076,941,800			28,076,941,800
<b>Total Payables</b>	<b>28,076,941,800</b>			<b>28,076,941,800</b>

#### Note 25: Pension liabilities

Pension liabilities have been accrued in the financial statements because it is the policy of Government to pay pensions to all former employees of the Government who qualified for pension under the provisions of the Pensions Act, Cap 281. In accordance with the provisions of the Pensions Act

	30 <sup>th</sup> June 2017 (Shs)	30 <sup>th</sup> June 2016 (Shs)
Former employees in Public Service	0	0
Former employees in Military Service	0	0
Former employees of the Education Service	0	0
Gratuity Arrears	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

The aging of the pension liabilities is as below;-

	Current Financial Year Shs	Previous Financial Year Shs	Other Financial Years Shs	Total  Shs
Pensions				
Gratuity				
<b>Total</b>				





