

Coffee Diversification in Uganda

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COFFEE PRODUCTION IN UGANDA

- Uganda produces two types of coffee – robusta (80-85%) and arabica (15-20%)
- Coffee exports have declined from 4.2 mn bags since 1997/98 to the current average of 2.5 mn bags
- Export earnings declined from \$400 mn to \$120 mn
- The decline in volume is mainly due to effect of Coffee Wilt Disease (CWD) that has destroyed about 50% of Uganda's robusta and old age of coffee trees
- Over 500,000 farm households depend on coffee for their livelihood



Farming Systems

- Ugandan robusta is grown at altitude ranges of 1,100 – 1,500 metres, hence the highest altitude robustas
- Arabica is grown between 1,300 – 2,300 metres above sea level
- Coffee is grown on small holdings (over 90% with 0.5 – 5 acres), at “low in put” “low out put” levels, often intercropped with beans and bananas for food security

Competitiveness of Coffee

- | Coffee | Other Crops |
|--|---|
| • Perennial crop | ➢ Usually annual |
| • Low input crop | ➢ High input requirement |
| • Assured, developed market | ➢ Undeveloped and unstable market |
| • Part of the social norms | ➢ High perishability |
| • Low perishability | ➢ Fewer people involved |
| • Farmer's income maximization through the value chain is easy | ➢ Farmer's ability to attain value addition within the chain is difficult |

Major constraints to improving benefits to farmers

- o The Coffee Wilt Disease continues to devastate farmers' fields
- o Lack of organisation among farmers
 - o Impacts of liberalisation
 - o Collapse of the co-operatives
- o Poor linkages between farmers and traders
- o Lack of adequate funding to continue coffee replanting and for production inputs
- o Low levels of domestic consumption has denied the country of an “alternative” local market

Coffee farmers livelihoods

- The Ugandan coffee farmers have diversified sources of income
 - growing all sorts of food crops and raising animals around the homestead
 - but at subsistence rather than commercial level

Diversification efforts in coffee

- Farming Systems Support Programme
- Alternative crops
 - Vanilla (government, private sector and donors)
 - Upland rice (government)
 - Oil palm (government and private sector)
- Specialty markets
 - Organic Coffee Production
 - Private sector exporters and outgrower schemes
 - Bugisu origin, Fair Trade, Utz Kapeh
- Wet Processing
- Enhanced farmer ownership along the value chain
 - Warehouse receipts
- Joint Ventures and private sector in value addition at consumer level
 - Coffee roasting/shops in China, Egypt, Denmark, South Africa and in Uganda itself

Lessons Learnt

- ❑ Enhanced organization of producer groups is essential
- ❑ Enabling farmers to retain ownership of coffee beyond the farm gate is important for accessing greater value added
- ❑ Full participation of all stakeholders (farmers, policy makers and private sector) in diversification decision making process is key to success
- ❑ Efforts that are not linked to an identified market but just “market forces” have failed
- ❑ Lack of farmer friendly credit schemes constrains implementation of diversification efforts

Way Forward

- ❖ “Market targeted” diversification initiatives that add value to the farmers’ incomes and livelihood
- ❖ Mobilization of farmers to enhance ownership and marketing through groups
- ❖ Continue support to research e.g. CWD
- ❖ Support coffee re-planting efforts
- ❖ Provide environment for farmers to access credit (for inputs and/or trade finance)
- ❖ Promote domestic coffee consumption
- ❖ Develop and support “coffee eco-tourism” initiatives

- Thank you