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

COFFEE PRODUCTION IN UGANDA

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

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

Other Crops
• Perennial crop
• Low input crop
• Assured, developed market
• Part of the social norms
• Low perishability
• Farmer’s income maximization through the value chain is easy

Major constraints to improving benefits to farmers

• The Coffee Wilt Disease continues to devastate farmers’ fields
• Lack of organisation among farmers
  • Impacts of liberalisation
  • Collapse of the co-operatives
• Poor linkages between farmers and traders
• Lack of adequate funding to continue coffee re-planting and for production inputs
• 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
- Specialty markets
- 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