COFFEE SECTOR INVESTMENT PROFILE

UGANDA
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UGANDA

2016
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Uganda: An Overview

Uganda is crossed by the equator and neighbours the Democratic Republic of the Congo (formerly Zaire) and the Republic of Rwanda in the west, the United Republic of Tanzania in the south, the Republic of Kenya in the east and the Republic of South Sudan in the north. Kampala is the country’s capital city.

Uganda is one of East Africa’s landlocked countries, and its diverse landscape encompasses the snow-capped Rwenzori Mountains and immense Lake Victoria. Its abundant wildlife includes endangered gorillas and chimpanzees as well as rare birds. Remote Bwindi Impenetrable National Park is a famous mountain gorilla sanctuary, while Murchison Falls National Park in the north-west is known for its 43-metre-tall waterfall and wildlife such as hippos.

Key facts

- Capital: Kampala
- Land area: 199,807.7 km²
- Population: 37.78 mm (2014)
  - 0–14 years: 48.30%
  - 15–64 years: 49.20%
  - Labour force (over 15 years): 15.11 mm (2014)
- Population growth: 3.3% (2014)
- Youth literacy rate (15-24 years):
  - Male: 85.8% (2012)
  - Female: 81.7% (2012)
- Urban population: 15.8% (2014)
- FDI inflow: US$ 1.15 bn (2014)
- Exports: 18.4% of GDP (2014)
- Major exports: Coffee, fish, tea, cotton, flowers, horticulture, gold
- Imports: 28.5% of GDP (2014)
- Major imports: Capital equipment, vehicles, petroleum, medical supplies, cereals
- Exchange rate (per US$): UGX 3,399.6 (2015 est.)
- Govt. expenditure: US$ 4.34 bn (2015 est.)
- Govt. revenue: US$ 3.29 bn (2015 est.)

Uganda at a glance

- GDP per capita (nominal): US$ 714.6 (2014)
- GDP growth: 4.8% (2014)
- Inflation rate: 4.3% (consumer price) (2014)
- Currency: Ugandan shillings (UGX)
- Other major cities: Gulu, Lira, Jinja, Mbarara, Mbale
- Language: English (official language), Swahili, Luganda (major)
- Religion: Christianity and Islam (major)

*Source: UIA, 2013; World Bank, 2015

Figure 1: Uganda’s coffee areas

*Source: USAID, Feed the Future
In 2014, Uganda had a total population of 37.78 million, which was an increase of more than 10 million from the 24.2 million shown in the 2002 census. Uganda’s urbanization level is progressively increasing. In 2014, the country had 202 urban centres (174 town councils, 22 municipalities and one city) and a total urban population of six million.\(^1\)

The population of 37.78 million constitutes approximately 75% under age 30 years and is anticipated to increase to 47 million in 10 years, and in excess of 60 million by 2040 according to the Uganda Bureau of Statistics. This creates concerns regarding expanding social services and absorbing the growing youth population in the labour market.

That said, population growth has the potential to be beneficial if the demographic dividend is channelled through the right investments. Under the Uganda National Development Plan (NDP II) currently being formulated, the Ugandan Government seeks to accelerate investment in key areas of growth, such as tourism, mineral development and agriculture, while fast-tracking human capital and infrastructure development. This will help to ensure that the economy is able to harness the dividend and absorb the workforce.\(^2\)

**ECONOMY OVERVIEW**

Uganda’s economy has displayed a remarkable recovery in the last 15 years. The country is a pioneer of structural adjustment and macroeconomic stabilization in Africa. The average real rate of annual growth in gross domestic product (GDP) has been about 6.9%, resulting in an annual increase of 3.7% in real GDP per capita. As measured by the household survey headcount index, poverty declined in excess of 40%; an achievement aided by high economic growth.

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Uganda boasts considerable natural resources, including regular rainfall, fertile soils, small deposits of gold, copper and other minerals, as well as recently discovered oil. However, the country has never performed a national minerals survey. The most vital sector of the economy is agriculture, which employs more than 80% of the workforce. Coffee accounts for the majority of export revenues. Since 1986, the Ugandan Government has carried out currency reform, increasing petroleum product prices, raising producer prices on export crops improving the wages of civil service employees. The policy changes are particularly aimed at reducing inflation, and increasing export earnings and production. Since 1990, economic reforms have enabled the country to enjoy robust economic growth based on lower inflation, sustained investment in infrastructure, better domestic security, improved incentives for exports and production, and the homecoming of exiled Indian-Ugandan entrepreneurs.

As oil comes online in the next few years, taxes and oil revenues will become a bigger source of government funding.

**POLITICAL CONTEXT**

Since 1986, the new government began to concentrate on restructuring the economy by fostering public institutions’ legitimacy through political liberalization, and through pro-market reforms. The country has not experienced any noteworthy security incidents since 2005, when the Lord’s Resistance Army was defeated and economic activity recommenced in Northern Uganda, and the majority of internally displaced people have come back to their land.

After the 1995 constitution’s promulgation, in 1996, President Museveni was elected to his first term. In 2001, he was re-elected, although his election was contested. In July 2005, referendum-approved amendments to the constitution introduced multipartyism. On 18 February 2016, President Museveni was again re-elected to an additional five-year term. His party now has the majority in the 375-member parliament.

**DEVELOPMENTS AND PROSPECTS**

In 2014, Uganda experienced the strengthening of economic growth and macroeconomic stability. Factors that have added to the country’s continued high economic growth (4.8% in 2014, in contrast to 4.4% in 2012), include sensible macroeconomic policies, good weather conditions, declining energy prices, increasing foreign investments in the energy sector, stable external accounts and exchange rates, despite generally low consumer price inflation (4.3% in 2014; see table 1) and a few key issues in chief trading countries. In the first half of 2014, GDP growth was driven by solid performance in agriculture and services (see table 2).³

<table>
<thead>
<tr>
<th>Table 1: Uganda’s macroeconomic development</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
</tr>
<tr>
<td>Real GDP growth</td>
</tr>
<tr>
<td>Real GDP per capita growth</td>
</tr>
<tr>
<td>CPI inflation</td>
</tr>
<tr>
<td>Budget balance % GDP</td>
</tr>
<tr>
<td>Current account % GDP</td>
</tr>
</tbody>
</table>

³Ibid.
From the recent International Monetary Fund (IMF) country report no. 15/175, the rebased estimate’s real GDP growth was 4½% in financial year (FY) 2013/14, driven by services, trade, construction and manufacturing – below the estimated potential of about 6%. More recently, economic activity is picking up, led by public investment and a recovery in private consumption driven by higher real incomes and stronger credit growth. The nominal exchange rate against the US dollar appreciated by 7% in the year through February 2014, and since then depreciated by 25%–30%. Sharp pressure was felt in early 2015, reflecting: 1) a portfolio rebalancing in response to the dollar appreciation; 2) increased foreign exchange demand from corporations to repatriate their profits; 3)lower exports to and remittances from South Sudan; 4) some decline in FDI linked to oil investment plan deferrals; and 5) election-related market nervousness as memories of the 2011 elections – when rapid credit expansion and expenditure overruns drove inflation out of control – reverberated.

Uganda’s GDP growth is forecast to reach 6.3% in 2015 and 6.5% in 2016, thanks to an expansionary fiscal policy that could lead to a budget deficit increase, increased investment in development infrastructure, an expansionary fiscal policy that could lead to a budget deficit increase, private sector recovery due to increased lending activities, stimulus to improve the agricultural sector, and improved public service delivery.

Consumer price index (CPI) inflation (presently less than 5%) was predicted to stay at single-digit levels in 2015, indicating the government’s pursuit of practical macroeconomic management.4

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Table 2: Uganda’s GDP by sector (percentage of GDP at current prices)

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, forestry, fishing and hunting</td>
<td>29.5</td>
<td>27.0</td>
</tr>
<tr>
<td>of which fishing</td>
<td>1.5</td>
<td>1.8</td>
</tr>
<tr>
<td>Mining and quarrying</td>
<td>1.4</td>
<td>0.9</td>
</tr>
<tr>
<td>of which oil</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>9.1</td>
<td>10.6</td>
</tr>
<tr>
<td>Electricity, gas and water</td>
<td>3.0</td>
<td>2.6</td>
</tr>
<tr>
<td>Construction</td>
<td>6.0</td>
<td>8.1</td>
</tr>
<tr>
<td>Wholesale &amp; retail trade; repair of vehicles household goods; Restaurants and hotels</td>
<td>16.2</td>
<td>18.1</td>
</tr>
<tr>
<td>of which hotels and restaurants</td>
<td>2.2</td>
<td>3.2</td>
</tr>
<tr>
<td>Transport, storage and communication</td>
<td>8.8</td>
<td>6.5</td>
</tr>
<tr>
<td>Finance, real estate and business services</td>
<td>12.5</td>
<td>11.7</td>
</tr>
<tr>
<td>Public administration and defence</td>
<td>3.0</td>
<td>3.1</td>
</tr>
<tr>
<td>Other services</td>
<td>10.5</td>
<td>11.4</td>
</tr>
<tr>
<td>Gross domestic products at basic prices / factor cost</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

*Source: African Economic Outlook, 2015

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4 Ibid.
FOREIGN DIRECT INVESTMENT (FDI)

Uganda is a newcomer to the Ernst and Young top 10 foreign direct investment (FDI) recipients in Africa in 2013. This is a sign of Uganda’s solid position in attracting investment. In 2013, for the first time, East and West Africa outdid North Africa.

In 2013, the list of top 10 countries by FDI projects saw substantial movement. Only South Africa and Nigeria held their respective first and third positions. Still, FDI projects in both these countries observed a small decline. Countries like the Republic of Ghana, the Republic of Mozambique and Kenya moved up the ranks, with a strong rise in FDI projects. Uganda and the Republic of Zambia were newcomers to the top 10 list in 2013, with both recording a rise in excess of 20% in FDI projects.\(^5\)

The report done by Ernst and Young observed that some of Uganda’s appealing factors include a rapidly expanding population and solid economic growth. The report also noted that, in 2013, Uganda’s key sources of foreign direct income the Republic of India, Kenya, and the United Kingdom of Great Britain and Northern Ireland (the UK). SAB Miller is one multinational that has increased its presence in Uganda in recent times, and opened a second brewery in 2013. “Oil fields and the agricultural sector in Uganda are also attracting significant investor attention,” the report observes.\(^6\)

At US$ 1.15 billion in 2014, the value of FDI remained almost the same as in 2013.

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\(^6\) Ibid.
Why Uganda?

According to the Uganda Investment Authority, Uganda is an attractive destination for investment for the following reasons:

PREDICTABLE ENVIRONMENT
- Uganda achieved macroeconomic stability when many parts of the world were experiencing uncertain futures.
- In 2012/13, Uganda’s stable economic growth averaged 5.1%.
- Uganda sustains a competitive real exchange rate that aids export growth.

FULLY LIBERALIZED ECONOMY
- All sectors liberalized for investment;
- Free outflow and inflow of capital;
- 100% foreign ownership of investment allowed;
- Of the 46 Sub-Saharan countries, it was ranked the eighth freest economy by the 2013 Index of Economic Freedom.

MARKET ACCESS
- Uganda is a member of the Common Market for Eastern and Southern African States (COMESA), which is a territory with a market of approximately 400 million people across 19 countries.
- Uganda is a member of the East African Community (EAC), which also includes Kenya, Tanzania and the Republic of Burundi and has a population of more than 140 million people.
- Quota- and duty-free access into China (quota-free access for in excess of 650 products), the United States of America (under AGOA), EU (EBA) markets and the Generalized System of Preferences (GSP) scheme.

STRONG NATURAL RESOURCE BASE
- Plentiful rainfall, rich soils and favourable temperatures. Many crops are grown organically.
- Tourism opportunities and untapped mineral deposits. Verified deposits include gold, petroleum, phosphate, diamonds, zinc, wolfram (tungsten), silica and vermiculite, etc.

GOVERNMENT COMMITMENT TO PRIVATE SECTOR
- Private sector and government dialogue in policy formulation by means of investment and business associations, including Uganda Manufacturers Association, Private Sector Foundation Uganda, and Uganda National Chamber of Commerce and Industry;
- Constant improvement in providing infrastructure and other social services.

TRAINABLE LABOUR
- Uganda produces more than 15,000 university graduates every year.
- Quality of labour is one of the chief attractions.
- The NDP concentrates on creating a skilled labour force to meet the opportunities and needs for investment in Uganda.
SECURITY OF INVESTMENT

- Guaranteed under the investment code of 1991 and the constitution;
- Uganda is a signatory to noteworthy global investment-related organizations like:
  - Overseas Private Investment Corporation (OPIC) of USA;
  - Multilateral Investment Guarantee Agency (MIGA).
- Convention on the Recognition and Enforcement of Foreign Arbitral Award (CREFAA):
  - International Centre for Settlement of Investment Disputes (ICSID), General Agreement of Trade in Services (GATS), Agreement on Trade-Related Investment Measures (TRIMS) and Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS);
  - Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC).
# INVESTMENT INCENTIVES

## Table 3: Uganda’s investment incentives

<table>
<thead>
<tr>
<th>Incentives</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Import-based incentives</strong></td>
<td>The following sectors have exemptions from import duty: Agriculture, tourism, health, education, renewable energy, mining, oil and gas.</td>
</tr>
<tr>
<td>Plant and machinery</td>
<td>Duty-free at importation (for most, directly used in production); VAT deferment (granted to VAT-registered persons); withholding tax exemption for some sectors like agriculture.</td>
</tr>
<tr>
<td>First arrival privileges</td>
<td>These are in the form of duty exemptions for personal effects and a motor vehicle (previously owned for at least 12 months) to returning Ugandan investors.</td>
</tr>
<tr>
<td>For details of the listed incentives, please log onto the Uganda Revenue Authority’s (URA’s) website: <a href="http://www.ura.go.ug">www.ura.go.ug</a></td>
<td></td>
</tr>
<tr>
<td><strong>Export-based incentives</strong></td>
<td>All exports are tax exempt except raw hides and skins.</td>
</tr>
<tr>
<td>• Manufacturing under bond taxes;</td>
<td></td>
</tr>
<tr>
<td>• Duty exemption on plant and machinery and other inputs;</td>
<td></td>
</tr>
<tr>
<td>• Stamp duty exemption;</td>
<td></td>
</tr>
<tr>
<td>• Duty drawback – a refund of all or part of any duty paid on materials and inputs imported to produce for export;</td>
<td></td>
</tr>
<tr>
<td>• Withholding tax exemptions on plant and machinery, scholastic materials, human and animal drugs and raw materials.</td>
<td></td>
</tr>
<tr>
<td><strong>Investment capital allowances and deductible annual allowances (depreciable assets)</strong></td>
<td>Initial allowance on plant and machinery for industries located in Kampala, Entebbe, Namamne, Jinja and Njeru; 50%</td>
</tr>
<tr>
<td>• Initial allowance on plant and machinery for industries located elsewhere in Uganda; 75%</td>
<td></td>
</tr>
<tr>
<td>• Start-up cost on actual expenditure incurred during the first four years in four equal instalments; 28%</td>
<td></td>
</tr>
<tr>
<td>• Initial allowance on hotel, hospitals and industrial buildings; depreciation rate for hotels, industrial buildings and hospitals; 20%</td>
<td></td>
</tr>
<tr>
<td>• Computers and data-handling equipment; 5%</td>
<td></td>
</tr>
<tr>
<td>• Automobiles; bus and minibus seating capacity of less than 30 passengers; goods vehicles with a load capacity of less than 7 tons; construction and earth-moving equipment; 40%</td>
<td></td>
</tr>
<tr>
<td>• Buses; specialized goods trucks; tractors; trailers and trailer-mounted containers; plant and machinery used in farming, manufacturing or mining operations; 35%</td>
<td></td>
</tr>
<tr>
<td>• Rail locomotives and water transportation equipment and vessels; 30%</td>
<td></td>
</tr>
<tr>
<td>• Comprehensive list on <a href="http://www.ura.go.ug">www.ura.go.ug</a>. 20%</td>
<td></td>
</tr>
<tr>
<td><strong>Special deductions 100%</strong></td>
<td>On scientific research capital expenditures; 2%</td>
</tr>
<tr>
<td>• On costs of training/tertiary education of a citizen or permanent resident of Uganda;</td>
<td></td>
</tr>
<tr>
<td>• On mineral exploration expenses of capital nature incurred;</td>
<td></td>
</tr>
<tr>
<td>• Of income tax payable if 5% of their full-time employees are persons with disabilities;</td>
<td></td>
</tr>
<tr>
<td>• Depreciation allowance granted on expenditure incurred on farm works.</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Ugandan Investment Authority*
The Coffee Industry and Market

OVERVIEW

Internationally, coffee is the second most traded product by value after oil. It is also one of the most popular beverages in the world, with an estimated more than 400 billion cups consumed per annum. Consumption of coffee and, hence, its market is concentrated in the developed countries, with per capita consumption being highest in the Republic of Finland, followed by the Kingdom of Denmark, the Kingdom of Sweden, the Kingdom of the Netherlands, the Kingdom of Belgium, the Kingdom of Norway, the Swiss Confederation, the Federal Republic of Germany, the Republic of Austria and the French Republic in the top 10 consumers per capital in the European Union (EU) region, according to the International Coffee Organization. (International Coffee Organization 2014). In the world market, the dynamics of the coffee prices are generally characterized by cyclical instability, usually in tandem with the farm level production patterns.

Production, on the other hand, is mainly from developing countries led by the Federative Republic of Brazil, with the Socialist Republic of Viet Nam, the Republic of Indonesia, the Republic of Colombia, the Federal Democratic Republic of Ethiopia, the Republic of Peru, India, the Republic of Honduras, the United Mexican States, Uganda and the Republic of Guatemala completing the top 11 producers. Globally, there are roughly 25 million coffee workers and farmers in more than 50 countries participating in coffee production. Coffee production normally follows a cyclical pattern, with large crop harvest in one year, followed by smaller crop harvest the following season and vice versa.

Global coffee production has seen a consistent growth in excess of 2% from the 1960s. Unfortunately, the consistent global growth was not duplicated in the African region, where, at a continental level, production has been declining steadily at a rate averaging 2%, leading to Africa’s loss of global market share of close to 11%.

In Africa, Uganda is only second to Ethiopia in the contribution towards world coffee production, according to the United States Department of Agriculture. (United States Department of Agriculture 2014). Fortunately, as Africa’s share of world coffee production has been declining, the output from Uganda has seen a steady increase in the period since 1986, especially after the Uganda Coffee Development Authority (UCDA) was created by the Act of Parliament in 1991.

In Uganda, coffee remains among the traditional cash crops and is one of the foremost foreign exchange earners and the most important agricultural export, with a contribution of 17.7% to the total national export value in the year 2013/14.

Figure 5: Declining share of Africa’s coffee production in the world – 1980/81 to 2014/15

*Source: International Coffee Association
GLOBAL COFFEE DEMAND AND SUPPLY ANALYSIS

Today, coffee is one of the most popular drinks in the world. Due to Westernization of cultures in the Middle and Far East, rising average incomes of middle classes and the fast expansion of coffee shops around the world, coffee is now becoming the most important hot drink globally.

From the discussions above, it is evident that global consumption is currently higher than production and the deficit is being met with stocks that have, therefore, also become tight. As consumption grows, in the next few years, there is likely to be a deficit of coffee supply once stocks run down, unless production is increased. This presents a real opportunity for coffee-producing countries. Africa in particular, which, thus far, lags behind, has the most growth potential, with increases in yields and productivity in existing and new plantings of coffee.

In the last few years, consumption has progressively increased at a rate of 2.5% per year, from 104.6 million bags in 2000 to more than 128 million bags in 2009. This growth rate, however, is not distributed equally. Growth rates are more robust in producing countries (especially Brazil) and in emerging markets (like Ukraine and the Russian Federation), while consumption in traditional drinking nations of USA and Europe remained stable in volume, but with higher value coffees.1

Currently, more than 138 million bags of coffee are consumed worldwide. About 25% of that consumption occurs within producing countries – such as Brazil, Colombia, the Republic of Costa Rica, Ethiopia, Mexico, the Bolivarian Republic of Venezuela, India and Indonesia – with high per capita domestic demand. Consumers in industrialized countries account for the remaining 75%.

The United States of America is the most important market. Behind the US, the second largest importing country was Germany, followed by France, Japan and Italy. On a per capita basis, the Scandinavian countries consume more than 26 pounds per person, making them the world’s biggest coffee consumers per capita.

*Source: International Coffee Association

Figure 6: World coffee demand and supply over the last 15 years

- Output
- Demand

Output
Demand

Million 60-kg Bags

0 10 20 30 40 50 60 70 80 90 100 110 120 130 140 150 160

99/00 01/02 03/04 05/06 07/08 09/10 11/12 13/14 15/16

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The Uganda Coffee Sector

OVERVIEW

Coffee plays a vital part in Ugandans’ livelihood and contributes considerably to the country’s economy. Nearly 42% of farming households grow at least some coffee and coffee contributes 17% of Uganda’s foreign exchange earnings. Research has shown that coffee can also be linked to poverty reduction, based on the fact that Uganda’s poverty levels have been somewhat lower in times when coffee prices were high and higher in times when coffee prices were low. There is also a direct linkage between coffee performance and macroeconomic performance, particularly the exchange rate and inflation.

<table>
<thead>
<tr>
<th>Exports of merchandise in values (US$ millions)</th>
<th>2013/2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total exports</td>
<td>2 712.24</td>
</tr>
<tr>
<td>Coffee (value)</td>
<td>404.00</td>
</tr>
<tr>
<td>Electricity</td>
<td>27.16</td>
</tr>
<tr>
<td>Gold</td>
<td>0.25</td>
</tr>
<tr>
<td>Cotton</td>
<td>21.75</td>
</tr>
<tr>
<td>Tea</td>
<td>83.14</td>
</tr>
<tr>
<td>Tobacco</td>
<td>93.50</td>
</tr>
<tr>
<td>Fish &amp; its prod. (excl. regional)</td>
<td>97.89</td>
</tr>
<tr>
<td>Hides &amp; skins</td>
<td>74.82</td>
</tr>
<tr>
<td>Simsim</td>
<td>46.10</td>
</tr>
<tr>
<td>Maize</td>
<td>31.26</td>
</tr>
<tr>
<td>Beans</td>
<td>20.67</td>
</tr>
<tr>
<td>Flowers</td>
<td>58.96</td>
</tr>
<tr>
<td>Oil re-exports</td>
<td>141.55</td>
</tr>
<tr>
<td>Cobalt</td>
<td>3.78</td>
</tr>
<tr>
<td>Others</td>
<td>1 211.74</td>
</tr>
</tbody>
</table>

*Source: Bank of Uganda, UCDA

Quick facts about Uganda’s coffee industry

- Smallholder farmers: 1.7 million
- Avg. coffee farm size: 0.18 hectares
- Avg. yield: 120 kg green/farmer
- Annual production: ~200 000 tons (11th globally)
- Farmer receives ~75% of export (FOB) price

*Source: Export Processing Zone Authority

Uganda produces what is generally considered the world’s best quality of robusta coffee, and, with its quality and volumes, it continues to find willing buyers. Uganda has a surface area of 241,550.7 km². Almost 25% of its surface area consists of rivers and lakes – 41% if marshland is included, and much of it is roughly 1,000 metres above sea level, enabling it to yield both arabica and robusta coffee.
COFFEE PRODUCTION AND PRODUCTIVITY

Africa’s biggest robusta coffee producer is Uganda, and, with higher international prices, coffee generated more exports income (US$ 449 million) in 2001 than all other agricultural export goods together. Coffee is an income source for roughly 1.76 million rural households who have few opportunities to earn alternative income.

A total of 282,284 hectares is under coffee cultivation, distributed across the major regions of Uganda as seen on the map at the start of this profile. Robusta coffee is native to Uganda, is cultivated at high altitudes (between 1,000 and 1,500 metres) and is renowned for its handiness in blending and its mild taste.

Uganda coffee production predominantly consists of robusta coffee, with 80% of the total output, with the remaining 20% arabica coffee. Robusta coffee is predominant due to the fact that it prospers in the low-altitude areas, eastern, central, western and south-western parts of Uganda. On the other hand, arabica coffee can only prosper in the highland areas on the slopes of Mount Elgon, Mount Rwenzi and Mount Mubura at altitudes 1,500 metres and beyond above sea level.

Coffee production in Uganda is dominated by smallholder farmers who are not adequately mobilized into viable economic units. They also largely produce on highly fragmented pieces of land, in most cases estimated at 0.33 hectares per household. The smallholder coffee production system embodies low input use, lack of improved technologies, insufficient business advisory and extension services, and unsustainable agronomic practices.

Production and productivity is also affected by aging coffee trees that may require replanting or rejuvenation, and the current climate and weather changes that affect the environment for coffee production. These constraints may explain the poor relative performance of the coffee sector when compared to the high-producing countries such as Vietnam and Brazil; hence, room for improvement of production and productivity of coffee through expansion to new areas, replanting, adapting to climate change as well as encouraging large-scale coffee farming.

Figure 7: Uganda’s position in coffee production in Africa

<table>
<thead>
<tr>
<th>Top 3 African coffee exporters (2011 / 12)</th>
<th>Top 3 African arabica exporters</th>
<th>Top 3 African robusta exporters</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bags (60 kg), millions</td>
<td>Bags (60 kg), millions</td>
<td>Bags (60 kg), millions</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>Ethiopia</td>
<td>Ethiopia</td>
</tr>
<tr>
<td>3</td>
<td>3</td>
<td>2.2</td>
</tr>
<tr>
<td>Uganda</td>
<td>Uganda</td>
<td>Cote D’Ivore</td>
</tr>
<tr>
<td>2.9</td>
<td>0.7</td>
<td>1.3</td>
</tr>
<tr>
<td>Cote D’Ivore</td>
<td>Kenya</td>
<td>Guinea</td>
</tr>
<tr>
<td>1.3</td>
<td>0.7</td>
<td>0.4</td>
</tr>
</tbody>
</table>

QUALITY AND VALUE ADDITION OF COFFEE IN UGANDA

With the liberalization of the coffee subsector, a need arose to control the quality of coffee produced and exported from Uganda. UCDA takes up the responsibility of ensuring that exported coffee meets the standards stipulated by the relevant legal requirements as well acceptable good practice internationally. This is achieved through multipronged approaches, such as issuance of certificates for the grade and quantity of coffee, licensing of coffee roasters, processors and exporters, certification of coffee exports as well as researching, compiling and disseminating relevant data and information about coffee in Uganda.

The Development Strategy and Investment Plan (DSIP) 2010/11–2014/15 listed the major challenges facing the agricultural sector in Uganda as limited market access and little value addition to agricultural commodities, among others.8

This is also reflected in the coffee subsector, where the bulk of coffee exports are in the form of raw unprocessed beans. This may be partly explained by the lack of market for the processed coffee as well as the limited capacity to undertake investment for value addition. In terms of market for processed coffee, it is important to note that just about 3% of coffee produced is consumed within the country, with the remainder exported.

Uganda coffee value addition entails off-farm processing, export grading and roasting, marketing and consumption. There is little or no value addition at farm level and coffee farmers continue to sell unprocessed coffee, resulting in lower earnings than if they were dealing in processed coffee at the farm gate stage.

The major players in coffee value addition are:

a. **Primary processors:** they add value through either wet or dry extraction of the beans from pulp, mucilage, parchment and film for arabica and robusta coffee.

b. **Secondary processors:** they clean the FAQ, dry (for coffee with moisture content of more than 13%) and size grade into the various coffee grades for the export market.

c. **Importers/traders:** purchase and store coffee from variety of sources. They provide marketing information and sometimes financing to roasters and exporters. They take on most of the price risks involved in the coffee trade.

d. **Roasters:** roast, grind and package the final product for the final consumer. Their product is sold in roasted and ground form to the local market or exported.

e. **Retailers:** sell manufactured coffee (roast, ground and instant forms) through supermarkets, coffee shops, fast food outlets, restaurants and other outlets.

f. **Consumers** who drink coffee.

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MARKETING STRUCTURE

The present marketing structure is under a liberalized marketing system characterized by a large number of stakeholders and the positioning of export firms closer to the primary buying stage to source coffee directly from or close to farmers. This arrangement has made market entry easier and bred competition and, in turn, increased prices paid to farmers. Uganda has one of the most efficient, competitive and well-regulated trading markets, with only 1% export tax applied.

In 2012–2013, Uganda exported 3.58 million bags of coffee (60 kg bags). Globally, this ranked Uganda as the 11th largest coffee exporter contributing 1.56% of the world’s total coffee exports by value. In the same period, Uganda exported US$ 433 million worth of coffee, representing 18.4% of Uganda’s total exports for this period. A large percentage of coffee is exported to re-exporting countries that import green coffee beans.

The major opportunity is that there is an annual growth of 2.4% in global coffee consumption and marked growth in demand for specialty coffee in niche markets. After 2016, global supply will struggle to keep up with demand.

Uganda exports mainly green coffee with limited branding. Ugandan robusta is normally blended with other origins, making it difficult to isolate as an origin in the finished product. The challenge is to use the intrinsic quality characteristics of Ugandan robusta to market it as an origin.

Domestic coffee consumption is gradually increasing in urban areas, but is still very low, standing at just 216,000 60-kilogram bags in 2012. Consumption is influenced by several factors, including the absence of a coffee-drinking culture and common public misconceptions about the health aspects of coffee consumption. The challenges are to positively change attitude and behaviour towards coffee consumption, and increase access to coffee and coffee brands.


![Figure 8: East Africa major coffee supply chains’ cost and price comparison*](image)

- Farm-gate / FOB price (%)
  - Kenya Arabica (Washed): 70%
  - Ethiopia Arabica (Washed): 63%
  - Ethiopia Arabica (Unwashed): 60%
  - Uganda Arabica (Unwashed): 72%
  - Uganda Robusta: 75%
  - Vietnam Robusta: 93%

*Prices are normalized to 2012/13 average commodity prices - Arabica (ICE “C”) $1.50, Robusta (LIFFE) $2000 per ton ($0.91/lb)

*Source: TechnoServe; Powered by IDH, 2013.
UGANDA COFFEE VALUE CHAIN

Figure 9: Uganda coffee value chain

The coffee industry participants and their roles in the supply chain

**Input Suppliers**
- Inputs are imported at market prices and sold through local distributors.
- N-based fertilizers (Urea, CAN, DAP) are widely available, plus basic NPKs (17-17-17)
- Farmers often use herbicides and, less commonly, pesticides
- Farmers propagate own seedling, receive from UCDA or purchase from private sector

**Farmers**
- 1.7 million smallholders farmers grow coffee (typically as part of a diversified agricultural portfolio); large parts of the country are suitable
- Primarily sell “kiboko” (dried cherry) to local collectors for cash

**Local Traders / Processors**
- Hulling: small traders bulk “kiboko” and process to FAQ
- Arabica: In addition to selling kiboko, some farmers pulp coffee using hand-pulpers and sell parchment; in Mt. Elgon / Bugisu, farmers also sell cherry to private wet mills (primarily owned or controlled by exporters)

**Exporters**
- Total of 35 active exporters (multinational and local), of which the top 12 have 80%; largest is currently Ugacof
- Nearly all dry-milling and export preparation takes place in Kampala
- Coffee is sold FOT Kampala and then exported via Mombasa port
- Local market is less than 5% of total production

*Source: TechnoServe, Powered by IDH, 2013*
# Role of Government Agencies and the Enabling Environment Framework

## Ministry of Agriculture (MAAIF)
- Policy and regulatory authority
- Oversees UCDA, NACORI (and NARO), and NAADS

## Uganda Coffee Development Authority (UCDA)
- Promote and oversee the development of the coffee industry, including research, QA, and marketing
- Provide coffee extension through 19 regional extension officers
- Funded through coffee “cess”

## National Coffee Research Institute (NACORI)*
- Conducts research on new crop varieties
- Used to be under the National Agricultural Research Organization (NARO)

## National Agriculture Advisory Services (NAADS)
- Provides extension services
- Delivers training programs for priority crops in districts (including coffee)

### Current:
- Uganda has a liberalized market which allows
  - Farmers to sell to whoever they want
  - Easy establishment of coffee businesses of all sizes
  - Foreign investment and ownership of assets
  - Free currency flows (dollarized accounts allowed)
  - Low export tax rate of 1%

### Future opportunities:
- Increasing formal land ownership for smallholders
- Prevent loss of prime coffee land to urban sprawl and to meeting local food demand (e.g., the Entebbe-Kampala-Jinja conurbation growing into the best coffee areas)
- Improve distribution of sufficient quantities of CWD-resistant seedlings
- Enforcement of labor code and licensing of small (informal) traders
- Five year plan for the coffee sector

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*Source: TechnoServe, Powered by IDH, 2013*
Business Environment

FINANCIAL AND BANKING SECTOR

Uganda’s three-year Policy Support Instrument (PSI) programme that was sanctioned by the IMF in August 2013 offers a monetary policy framework. The main purpose of monetary policy is to ensure that inflation remains stable and low within a medium-term target of 6% of yearly core inflation.

Bank of Uganda figures reveal that headline inflation mostly crept up, while core inflation slowed during FY 2013/14. Total annual inflation climbed to an average of 6.7% in FY 2013/14, as opposed to 5.8% in the previous fiscal year. The climb in total inflation was generally due to a temporary jolt caused by a sudden drought-driven increase in the prices of food crops (food crops make up 13.5% of the total CPI basket), particularly between January 2014 and April 2014.9

Uganda’s foreign exchange management system is market-based. This took effect in the early 1990s when the managed system was discontinued. The system is now a unified interbank foreign exchange regime, with the interbank marketing running alongside the Forex Bureau.10

Competition in the banking sector has increased and development of the financial sector has speeded up during the last decade. However, the efficiency gains that usually accompany increased competition have not yet occurred. Uganda has 26 commercial banks and the three largest banks’ market share has been lessened.

That said, a fair amount of the competition in the banking industry occurs through branch network expansion – the total bank branches has multiplied from less than 200 in 2007 to nearly 500 today – and by endeavours to mobilise deposits by giving extremely appealing deposit rates, both of which increase banks’ costs of doing business. These costs have to be passed on to borrowers by means of high lending rates. In spite of this, the banking system has continued to be profitable, even though key profitability and bank earnings ratios indicate a drop in profitability in the year to December 2013.11

Banks’ nominal profit after tax was UGX 414 billion in 2013, in contrast to UGX 554.8 billion in 2012. The fall in banks’ earnings was mostly due to the decline in asset quality on account of the economic decline in 2012. Credit quality, as the ratio of NPLs to overall gross loans, rose from 2.2% in 2012 to 6% in 2013.11

There was also a drop in non-performing loans (NPLs) coverage ratio from 55% to 33% in spite of the 27.8% increase in loan loss reserves.12 This caused a substantial growth of 42% in requirements for non-performing loans in 2013 and a rise in staff costs of UGX 66.6 billion or 15.2%. This was combined with a general drop in total income of UGX 56.8 billion or 2.2%. Return on equity and return on assets ratios dropped from 24.2% and 3.9% in 2012 to 12.4% and 2.02% in 2013. Similarly, the net interest margin (NIM) declined from 12.8% in 2012 to 11.5% in 2013, primarily owing to a drop in lending rates during 2013.13

Although commercial banks’ performance was affected by a number of challenges in 2013, particularly an increase in bad loans, the sector continued to be financially sound, with resilient capital and liquidity reinforced by a higher GDP growth and low inflationary environment. The Bank of Uganda warned banks to take steps to tackle the slowdown in loan quality and credit growth, and the situation has greatly improved.

ECONOMIC COOPERATION, REGIONAL INTEGRATION AND TRADE

Uganda is a member of a number of trade agreements, including membership of several global economic and regional groupings like the Cotonou Agreement (ACP/EU), COMESA, the World Trade Organization (WTO), East African Cooperation (EAC), the GSP and the Lome Convention. Nevertheless, Uganda’s participation is limited in the majority of these trading blocs. Being a lesser-developed country (LDC), Uganda has extensive flexibility when it comes to meeting the rules of the WTO agreements and the bilateral trade system agreements.

Uganda is most closely associated with the Cotonou Agreement, which supplanted the Lome Convention in 2000. Under the Lome Convention, signed between ACP countries and the EU, exports from ACP to EU countries enjoy exemption from most non-tariff and tariff obstacles. The preferences are applicable to processed, agricultural and industrial exports and are non-reciprocal.

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9 Ibid. 2
11 Ibid. 2
13 Ibid. 2
In particular, there are four protocols on rum, sugar, beef and bananas.  

Uganda is a COMESA member. COMESA is a regional economic bloc founded in 1994 and notified to the WTO as a regional trade agreement. Member states have established a free trade area between them, with common external tariffs. As a signatory to the COMESA free trade area protocol, Uganda enjoys a mutual tariff concession of 100%.

Uganda has more options in the EAC due to member states’ shared historical interests. As per the fourth East African Community Development Strategy 2011/12–2015/16, the country continued to apply the Customs Union and Common Market Protocols (CMPs) in FY 2013/14. The protocol for the East African Monetary Union (EAMU)’s establishment was finalized, and all the EAC member states signed on the same date. Furthermore, Uganda, Rwanda and Kenya effected the accelerating of infrastructure by signing the tripartite agreement for the building of the Mombasa-Kampala-Kigali railway line and oil pipeline. Since August 2012, there has been ongoing synchronization of laws, and work thus continued on the domestication of local laws into Uganda’s regulatory and legal frameworks. The appraisal and alignment of the laws has resulted in a better flow of goods and other production factors. EAC nationals in Uganda have almost no restrictions on their movement.

EAC nationals can obtain automatic visitors passes at no cost, which allows them to stay in Uganda for up to six months, but this is renewable upon justification for periods longer than six months. EAC partner states are now undertaking common infrastructure investments and reducing non-tariff barriers by removing roadblocks, weighbridges and multiple bonds. A single-entry East African tourist visa and common payment system has also been introduced. In addition, the EAC Monetary Union Protocol, signed in November 2013, is undergoing ratification in all-partner states.

To lessen the monitoring framework’s inadequacy for the abolition of non-tariff obstacles to trade, the negotiations continued for a tripartite EAC-COMESA-SADC free trade area that was introduced two years ago, but that has not been concluded. Under the Common Market Protocol (CMP), implementation is still in progress, although the pace is slow. According to the World Bank’s Doing Business 2015, Uganda ranks 161 out of 189 countries for trading across borders.

EASE OF DOING BUSINESS IN UGANDA

As per the World Bank’s Doing Business report of 2014, when it comes to ease of doing business, Uganda ranks 150 out of 189 countries. This is an improvement of two places from the previous year. Uganda ranked third in EAC and thirteenth of 47 Sub-Saharan countries included in the World Bank’s Doing Business 2014. Uganda also ranks third after Rwanda (62nd position) and Kenya (90th position) in the 2014 GCI report. Burundi and Tanzania rank 139th and 121st respectively.

Nonetheless, businesses still see customs and trade regulations as a significant problem, as shown in the GCI 2014–2015 and DB 2015 reports. In the GCI 2014–2015 report, Uganda’s lowest scores were for higher education and training, and infrastructure. In Doing Business 2014, the country’s rank fell when it comes to getting electricity (-51), “dealing with construction permits” (-25), starting a business (-7), resolving insolvency (-10), getting credit (-2), trading across borders (-5), paying taxes (-5) and property registration (-2).

To address the problems that businesses face concerning the extreme licensing fees and long administrative procedures, Uganda’s government has initiated several reforms, some of which include making trading across borders easier, the creation of a property registry, and making business licensing simpler.

Like other EAC countries, Uganda put into action the Single Customs Territory Protocol during 2013. It now takes four days for goods to get from Mombasa to Kampala, thanks to the one-stop border post along the Northern Corridor for commodities entering the EAC via Kenya’s Port of Mombasa. The one-stop border post in Uganda and cooperation between border agencies has made it possible for clearing and forwarding agents, customs officers and some border agencies to work 24/7 at Katuna and Malaba.\(^{15}\)
Company tax
Tax is applicable to resident companies on their global gains and income, but non-residents are taxed on income earned in Uganda. Local income is plainly defined for the Income Tax Act’s purposes.

The tax rates for non-residents and residents are:

- For companies (excluding mining companies) and retirement funds – 30%;
- For mining companies – calculated according to the following formula: 70 minus 1500/X where X is the number of percentage points signified by the ratio of the company’s gross revenue to its chargeable income;
- If the tax rate calculated is more than 45%, the tax rate will be 45% and, if the tax rate calculated is less than 25%, the tax rate will be 25%.\(^{16}\)

Capital gains tax
Capital gains are added to earnings from all other sources and are taxable at the rate that applies to each individual.

Branch profits tax
Non-resident businesses are bound by Ugandan corporate income tax with regard to profits received from branches in Uganda. Furthermore, the branch must pay 15% tax on repatriated income.

Value-added tax (VAT)
VAT is payable on the following:

- All commodities imported, except for exempt imports
- All taxable supplies in Uganda made by a taxable individual
- All supplied services imported by any individual.

A taxable supply is “a supply of commodities or services, except for an exempt supply, which is made by taxable individuals for consideration as part of their business dealings”. A taxable individual is someone who has to be registered under the statute.

Rates of tax (VAT)
For VAT purposes, there are three types of supplies. These are: standard-rated, zero-rated and exempt. The standard rate is 18%, and some categories of supplies are exempt or zero-rated.

Fringe benefits tax
Fringe benefits tax is not applicable in Uganda. However, employee benefits are valued in line with the valuation rules under the Income Tax Act 1997. This is then added to the employment income to work out the tax.

Local taxes
Local service tax is applicable to resident people (with some exceptions) who are older than 18 years and are in remunerative employment with effect from 1 July 2008.

Other taxes
Import, excise and customs duties apply to a number of items either at specific rates or on an ad valorem basis.

Capital allowances

- The initial allowance on industrial building is 20%, and 5% on a straight line basis.
- The initial allowance of eligible property is 50% or 75% of the cost of said property in the first year of use.
- The allowance for mining is 100% of capital expenditure spent discovering, searching for, winning access to or testing Ugandan mineral deposits.
- The allowance for horticulture businesses is 20% on a straight line basis of the capital expenditure spent in greenhouse construction or the founding or acquisition of a horticultural plant.\(^{17}\)

\(^{17}\) Ibid.
## Rates of Withholding Tax

<table>
<thead>
<tr>
<th>Non-resident/resident</th>
<th>15%/nil</th>
</tr>
</thead>
<tbody>
<tr>
<td>Royalties and management fees</td>
<td>15%/nil</td>
</tr>
<tr>
<td>Agency and consultancy fees, etc.</td>
<td>15%/6%</td>
</tr>
<tr>
<td>Professional fees (1)</td>
<td>15%/6%</td>
</tr>
<tr>
<td>Dividends (2)</td>
<td>15%/10%</td>
</tr>
<tr>
<td>Interest (3)</td>
<td>15%/15%</td>
</tr>
<tr>
<td>Public entertainers and artists</td>
<td>15%/nil&lt;sup&gt;18&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

## Exchange Control

There are no limitations on the flow of foreign currency in and out of Uganda. Attained exchange gains and losses are taxed and are permissible in the year of attainment.

<sup>18</sup> Ibid.
**INVESTMENT OPPORTUNITIES**

**PRODUCTION**

Most of the production (99%) is by smallholder farmers. There is only one commercial farm of more than 2,000 hectares. There is opportunity for commercial farming and foreigners can lease land for a period between 49 and 99 years. Given the ever-increasing world population and 2% annual increase in coffee consumption, Uganda, a natural habitat for coffee growing, offers a real opportunity for large-scale production. Large-scale commercial plantations can be established with public-private partnerships (PPP), especially in non-traditional coffee-growing regions in Northern and Eastern Uganda – with potential for contract farming to overcome input supply (including nurseries) and marketing issues for new farmers.

There are four land tenure systems in Uganda. These are mailo, freehold, customary and leasehold. The mailo land system is common in the central part of the country where Robusta coffees grows. Land titles under mailo tenure are very easy to process, since land is already registered. Mailo tenure provides security of tenancy since land ownership is permanent and passed on from one generation to another, hence favouring long term investments. Mailo land can only be owned by Ugandans but non Ugandans can get a lease of up to 99 years on mailo land. “Freehold tenure shares characteristics with mailo tenure. Since there is no mailo in many other parts of the country apart from Central Uganda [Buganda] and some parts of Western Uganda [Ankole], elsewhere there is freehold tenure. It also provides security of tenure like mailo land. Like for mailo land, Freehold land can only be owned by Ugandans but non Ugandans can get a lease of up to 99 years on mailo land.

Leasehold tenure cuts across the country since leases can be secured on all the other forms of tenure systems. Leasehold is a system whereby land is held based on an agreement between the lessor and the lessee. The law allows investors to lease land up to 99 years. Customary land tenure is the 4th tenure systems where land is owned and disposed of under customary regulations. This type of land could be available but its would be cumbersome to process sometimes.

**VALUE ADDITION**

a. **An opportunity to earn more through production and export of wet-processed robustas.** Ugandan robusta has a remarkably impressive cup when wet processed. It is commonly deemed to be of exceptional quality and retains its flavour qualities very well, which cannot always be said of other washed robustas. The potential of fine Ugandan robusta coffee (even natural sundried when properly picked, sorted and dried) has been shown to attract significant interest from niche markets and the specialty trade. About 40 years ago, washed robustas came from a number of places, but they are now predominantly exported from India, with a little from Guatemala (only 500 tons). Robustas form the biggest pool of affordable and improvable coffees, especially in Uganda.

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*Source: TechnoServe, Powered by IDH, 2013*
b. Central processing for Arabica.
Arabica coffee is semi-washed using only home hand pulpers. There is double the opportunity here for arabica. Firstly, to significantly increase consistency and quality, arabicas can be fully washed at central washing stations. Wet mills in Elgon areas get premiums for fully washed Bugisus. The second opportunity is to wash the remaining 55% of arabicas that are presently naturally processed. A straight comparison of current washed Ugandan arabica (WUGAR) and dried Ugandan arabica (DRUGAR) prices shows a premium of at least US$ 0.25 per pound.

c. Soluble coffee production.
Soluble exports from coffee-producing countries have increased from 63,000 tons in 1985 to 332,000 tons in 2010. The bulk of soluble coffee is derived from robusta coffee and Uganda is a large robusta producer without its own soluble industry. Most of the lower-grade coffees such as BHP 1199 (broken) and black beans (usually prematurely died embryo) are exported to soluble manufacturers in India (for the last 20+ years) and Viet Nam, plus Mexico (more recent; in the last 10 years). Star Café and Good African Coffee take out raw coffee to be converted into soluble form and then brought back for packaging. This exercise means that value addition is conducted elsewhere: there is import of labour, and loss of revenue in non-utilization of water, power and other services. These processes increase the time turnaround for the business and thus increase costs and reduce competitiveness. An analysis of lower-grade production in Uganda suggests that, of the 150,000 tons of robusta produced a year, around 25% would be at a price that would be suitable for soluble coffee manufacturing. This is more than sufficient to cover the needs of the proposed plant. It’s important to note that, in the medium term, only one plant will be sufficient.
Useful Contacts

Uganda Investment Authority
- Telephone: +256 414 301 000
- E-mail: info@ugandainvest.go.ug
- Website: www.ugandainvest.go.ug

Ministry of Finance, Planning and Economic Development
- Telephone: +256 414 707 000
- E-mail: info@finance.go.ug
- Website: www.finance.go.ug

Private Sector Foundation, Uganda
- Telephone: +256 312 263 850
- Telephone: +256 312 261 850
- Telephone: +256 312 266 440
- Website: www.psfuganda.org

Uganda Manufacturers Association
- Telephone: +256 414 221 034
- Telephone: +256 414 287 615
- E-mail: ed@uma.or.ug
- Website: www.uma.or.ug

Uganda Bureau of Statistics
- Telephone: +256 414 706 000
- E-mail: ubos@ubos.org
- Website: www.ubos.org
COFFEE SECTOR INVESTMENT PROFILE: UGANDA
ANNEX I: STEPS REQUIRED TO SET UP A BUSINESS IN UGANDA

1. Submit the Name Reservation Form to the assessment window of the Uganda Registration Services Bureau (URSB) and obtain the bank payment slip. Pay the name reservation fees at the bank.

2. Reserve the company name.

3. Sign the declaration of compliance before a Commissioner of Oaths.

4. Obtain the payment slip for the registration fee and the stamp duty from URSB, and pay the registration fees at a designated bank.

5. File the registration documents at the Office of the Registrar and obtain the Certificate of Incorporation.

6. Obtain a Tax Identification Number (TIN) and register for taxes at the Uganda Revenue Authority (URA).

7. Receive inspection of the business premises by the URA.

8. Obtain the application forms for the trading license.

9. Receive inspection of the business premises by the licensing officer and obtain the assessment form.

10. Pay the license fee at the bank and the trading license at the local authority under which the bank or branch is operating.

11. Register with the National Social Security Fund ( NSSF).

12. Make a company seal.


ANNEX II: LIST OF REGISTERED COFFEE EXPORTERS DURING THE 2014–2015 COFFEE YEAR (CY)

<table>
<thead>
<tr>
<th>Name</th>
<th>Physical address</th>
<th>Telephone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kawacom (U) Ltd</td>
<td>M284 Ntinda, Kampala, Uganda</td>
<td>+256 414 222 611/9</td>
</tr>
<tr>
<td>Risala (U) Ltd</td>
<td>Plot 101/103 3rd Street, Kampala, Uganda</td>
<td>+256 77 272 799</td>
</tr>
<tr>
<td>Armajaro Uganda Ltd</td>
<td>Plot 2219/2377 Bweyogerere, Kampala, Uganda</td>
<td>+256 312 202 425</td>
</tr>
<tr>
<td>Kyagaliyani Coffee Ltd</td>
<td>Namarwe Industrial Area</td>
<td>+256 312 262 052</td>
</tr>
<tr>
<td>Wabulungu Multi-Purpose Estates Ltd</td>
<td>508 Bombo Road, Kampala, Uganda</td>
<td>+256 312 515 363</td>
</tr>
<tr>
<td>Ugacof Ltd</td>
<td>246 Byogerere, Kampala, Uganda</td>
<td>+256 753 055 541</td>
</tr>
<tr>
<td>Olam Uganda Ltd</td>
<td>2162 Old Jinja Road, Kampala Ind. &amp; Business Park Namarwe</td>
<td>+256 414 271 440</td>
</tr>
<tr>
<td>Savannah Commodities Co. Ltd</td>
<td>4/5 Nyondo Close, Kampala, Uganda</td>
<td>+256 414 252 541</td>
</tr>
<tr>
<td>Job Coffee Ltd</td>
<td>Ntinda Ind. Area, Kampala, Uganda</td>
<td>+256 772 748 494</td>
</tr>
<tr>
<td>Great Lakes Coffee Company Ltd</td>
<td>M289 Ntinda, Kampala, Uganda</td>
<td>+256 414 286 961</td>
</tr>
<tr>
<td>Besmark Coffee Company Limited</td>
<td>Bweyogerere, Wakiso, Uganda</td>
<td>+256 392 945 051</td>
</tr>
<tr>
<td>Commodity Solutions (U) Ltd</td>
<td>Plot 1593/1594 Kakajjo Road, Bweyogerere, Wakiso, Uganda</td>
<td>+256 312 274 541</td>
</tr>
</tbody>
</table>

### List of registered coffee exporters during the 2014–2015 coffee year (CY)

<table>
<thead>
<tr>
<th>Name</th>
<th>Physical address</th>
<th>Telephone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nakana Coffee Factory Ltd</td>
<td>45/47/49 Bunyonyi Drive, Kampala, Uganda</td>
<td>+256 752 743 430</td>
</tr>
<tr>
<td>Ankole Coffee Processors Ltd</td>
<td>6/8 Nyondo Close, Kampala, Uganda</td>
<td>+256 414 252 541</td>
</tr>
<tr>
<td>Kampala Domestic Store Ltd</td>
<td>4/5 Nyondo Close, Kampala, Uganda</td>
<td>+256 752 777 755</td>
</tr>
<tr>
<td>Bukonzo Joint Cooperative Union Ltd</td>
<td>Kyarumba Sub-County, Kasese, Uganda</td>
<td>+256 782 419 021</td>
</tr>
<tr>
<td>Export Trading Company(U) Ltd</td>
<td>UMA Show Ground, Kampala, Uganda</td>
<td>+256 414 254 642</td>
</tr>
<tr>
<td>Ideal Commodities (U) Ltd</td>
<td>101/103 3rd Street Ind. Area, Kampala, Uganda</td>
<td>+256 702 233 556</td>
</tr>
<tr>
<td>Ntubaasa Limited</td>
<td>31B Bukoto Crescent Naguru, Kampala, Uganda</td>
<td>+256 794 244 244</td>
</tr>
<tr>
<td>Ishaka Quality Commodities Ltd</td>
<td>101/103 3rd Street Ind. Area, Kampala, Uganda</td>
<td>+256 701 948 725</td>
</tr>
<tr>
<td>Ibero (U) Ltd</td>
<td>44/50 7th Street, Kampala, Uganda</td>
<td>+256 312 261 464</td>
</tr>
<tr>
<td>LD Commodities (U) Ltd</td>
<td>278/279 Ntinda Industrial Area</td>
<td>+256 204 000 504</td>
</tr>
<tr>
<td>NUCAFE Ltd *</td>
<td>35 Jinja Rd, Coffee House, Kampala, Uganda</td>
<td>+256 414 236 199</td>
</tr>
<tr>
<td>Mbaile Importers &amp; Exporters Ltd</td>
<td>27/29 Pamba Road, Mbale, Uganda</td>
<td>+256 757 254 00</td>
</tr>
<tr>
<td>Gumutindo Coffee Cooperative Enterprises Ltd</td>
<td>8/12 Mwanyi Road, Mbale, Uganda</td>
<td>+256 453 441 5</td>
</tr>
<tr>
<td>Kamba Petroleum (U) Ltd</td>
<td>Plot 152 Ishaka Industrial Area, Bushenyi, Uganda</td>
<td>+256 392 944 666</td>
</tr>
<tr>
<td>El’Cafino Uganda Limited</td>
<td>11043 Factory Close, Ntinda Ind. Estate</td>
<td>+256 772 407 336</td>
</tr>
<tr>
<td>Paidha Washed Arabica Coffee Ltd *</td>
<td>Paidha, Zombo, Uganda</td>
<td>+256 772 688 005</td>
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<tr>
<td>Trans-gaz Company Ltd</td>
<td>Bweyogerere, Wakiso, Uganda</td>
<td>+256 414 286 682</td>
</tr>
<tr>
<td>Amar Traders Ltd *</td>
<td>508 Bombo Road, Kampala, Uganda</td>
<td>+256 759 142 761</td>
</tr>
<tr>
<td>Kibinge Coffee Farmers Cooperative Society Ltd</td>
<td>Kibinge, Bukomansimbi, Uganda</td>
<td>+256 782 344 659</td>
</tr>
<tr>
<td>Dani Foods Africa Ltd *</td>
<td>Beametrictonneseks Plaza, Plot 68, 3rd floor,</td>
<td>+256 754 278 550</td>
</tr>
<tr>
<td></td>
<td>Jinja Main Street</td>
<td></td>
</tr>
<tr>
<td>Bakhsons Trading Co. (U) Ltd *</td>
<td>1–5 Mbuwa Hill, Kinawataka Road, Kampala, Uganda</td>
<td>+256 785 288 862</td>
</tr>
<tr>
<td>Kakindu Coffee Ltd</td>
<td>Bwaise 11 Tbusyoleka Zone, Nabweru Road</td>
<td>+256 414 507 085</td>
</tr>
<tr>
<td>Sena Indo (U) Ltd</td>
<td>20 Old Port Bell Road, Kampala</td>
<td>+256 414 250 778</td>
</tr>
<tr>
<td>Bakhita Twase Produce Ltd</td>
<td>Mbaliwa, Kaliwajala, Wakiso, Uganda</td>
<td>+256 772 444 219</td>
</tr>
<tr>
<td>Katuka Development Trust Ltd</td>
<td>Nsambya, Caritas Kampala, Old Gaba Road</td>
<td>+256 772 509 761</td>
</tr>
<tr>
<td>Banyankole Kweterana Cooperative Union Ltd</td>
<td>Bulerma Road, Kakoba, Mbarara, Uganda</td>
<td>+256 485 420 074</td>
</tr>
<tr>
<td>Ankole Coffee Producers Coop Union Ltd</td>
<td>Mbararalsaka Road, Bushenyi Town, Uganda</td>
<td>+256 772 461 876</td>
</tr>
<tr>
<td>Fairlop Global Commodities Ltd</td>
<td>Kirinya Shopping Center, Bweyogerere, Wakiso,</td>
<td>+256 772 665 393</td>
</tr>
<tr>
<td></td>
<td>Uganda</td>
<td></td>
</tr>
<tr>
<td>Gerious Limited</td>
<td>1–5 Mbuwa Hill, Kinawataka Road, Kampala, Uganda</td>
<td>+256 414 222 221</td>
</tr>
<tr>
<td>Karazi Coffee Factory Limited</td>
<td>133 Musigula Street, Nakulongo, Kampala, Uganda</td>
<td>+256 772 702 493</td>
</tr>
<tr>
<td>Coffee World Ltd</td>
<td>508 Bombo Rd, Kampala, Uganda</td>
<td>+256 782 891 045</td>
</tr>
<tr>
<td>Nile Highland Arabica Coffee Farmers’ Association</td>
<td>Paidsa Town, Zombo, Uganda</td>
<td>+256 772 475 203</td>
</tr>
<tr>
<td>Frontier Logistics International (U) Ltd *</td>
<td>29A–41 Spring Road, Bugolobi, Kampala, Uganda</td>
<td>+256 312 296 146</td>
</tr>
<tr>
<td>Zigoti Coffee Works Ltd</td>
<td>5th Street, Industrial Area, Kampala, Uganda</td>
<td>+256 414 252 541</td>
</tr>
<tr>
<td>Bugisu Coop Union Ltd</td>
<td>Palisa Road, Mbaile Ind. Area, Mbaile, Uganda</td>
<td>+256 772 490 991</td>
</tr>
<tr>
<td>Pearls Crops Ltd *</td>
<td>Palisa Road, Mbaile Ind. Area, Mbaile, Uganda</td>
<td>+256 702 414 363</td>
</tr>
<tr>
<td>Uganda Coffee Export Center Ltd</td>
<td>Formers CMB, Old Portbell Road, Bugolobi, Kampala</td>
<td>+256 751 088 367</td>
</tr>
</tbody>
</table>