



## UGANDA: AN OVERVIEW

The Republic of Uganda is an English-speaking, landlocked country, bordered by Kenya in the east, Tanzania in the south, the Republic of South Sudan in the north, the Democratic Republic of Congo in the west and Rwanda in the south-west.

The country has plentiful natural resources, including regular rainfall, fertile soils, small deposits of gold, copper, and other minerals, as well as recently discovered oil. Uganda is a major producer of coffee, and is, in fact, the **largest coffee exporter in Africa**.

| Basic Statistics: Uganda*          |   |
|------------------------------------|---|
| Capital:                           | Kampala   |
| Land area:                         | 199,807.7 km <sup>2</sup>                             |
| Population:                        | 37.78 mm (2014)                                       |
| Labour force (over 15 years):      | 15.11 mm (2014)                                       |
| Youth literacy rate (15–24 years): |   |
| <i>Male:</i>                       | 85.8% (2012)  |
| <i>Female:</i>                     | 81.7% (2012)  |
| GDP (nominal):                     | US\$ 27 bn (2014)                                     |
| GDP growth:                        | 4.8% (2014)   |
| FDI inflow:                        | US\$ 1.15 bn (2014)                                   |
| Exports:                           | 18.4% of GDP (2014)                                   |
| Imports:                           | 28.5% of GDP (2014)                                   |
| Govt. expenditure:                 | US\$ 4.34 bn (2015 est.)                              |
| Govt. revenue:                     | US\$ 3.29 bn (2015 est.)                              |
| Currency:                          | Ugandan shillings (UGX)                               |
| Language:                          | English (official language), Swahili, Luganda (major) |

\*Source: UIA, 2013; World Bank, 2015; CIA, 2016

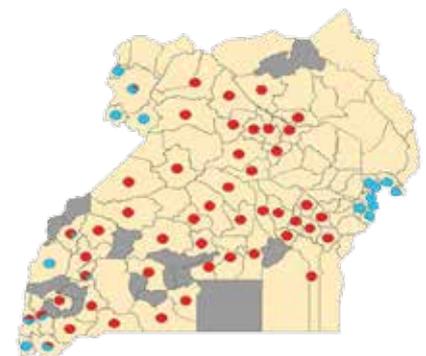
## WHY UGANDA?

| Advantage Uganda  |
|---|
| Uganda has achieved growth stability, with annual an average economic growth of 5.1% in 2012/13.  |
| The Ugandan government is committed to developing the country's private sector and improving its provision of social services.  |
| All of the country's economic sectors are liberalized for investment, with free outflow and inflow of capital.  |
| Uganda is a member of the East African Community (EAC) and the Common Market for Eastern and Southern African states (COMESA).  |
| Uganda benefits from quota- and duty-free product access into the USA (under AGOA), the EU (under EBA and GSP scheme), India (under DFTP scheme) and China (under DFQF Scheme).                     |
| Uganda produces more than 15,000 university graduates every year, providing a strong core of educated workers to its labour force.  |
| The security of investment is guaranteed by the Investment Code of 1991 and the Ugandan Constitution. Uganda is also a signatory to a number of noteworthy global investment-related organizations. |
| Advantageous investment environment. 100% foreign ownership of companies is possible.   |
| Favourable taxation scheme. 10-year tax holiday for those who invest in Export Promotion Zones.   |

\*Source: Uganda Investment Authority, 2015

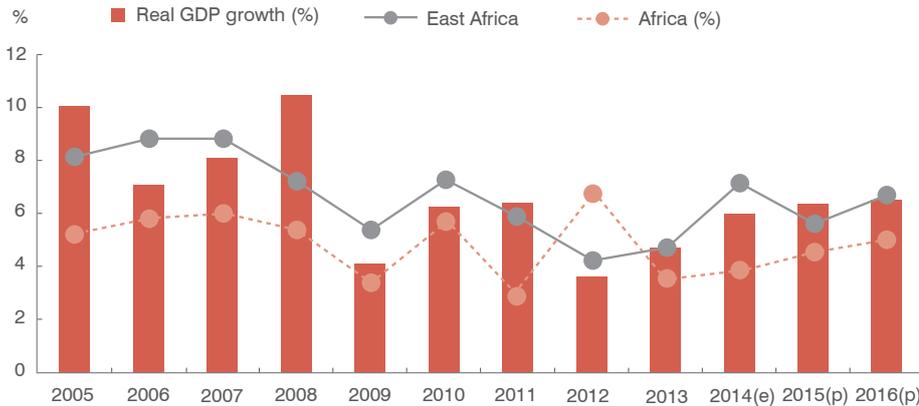
### Map of coffee areas

- Robusta Hectares
- Arabica Hectares
- No Data



\*Source: USAID

### Uganda's real GDP growth



\*Source: African Economic Outlook, 2015

### A fast-growing economy

Uganda's economy has displayed a remarkable recovery in the last 15 years, with an average **real annual GDP growth rate of approximately 6.9%**, resulting in a yearly rise of 3.7% in real GDP per capita.

### Rapidly increasing foreign direct investment

2013 saw Uganda added as a **newcomer to the Ernst and Young top 10 Foreign Direct Investment (FDI) recipients in Africa**. This is a sign of the country's attractiveness and plentiful investment opportunities.

### Foreign Direct Investment (US\$M)

CAGR (2009-2014): 9.1%



\*Source: UNCTAD

### A dynamic producer of quality coffee

**Uganda is Africa's second biggest coffee producer**, after Ethiopia. In fact, even while Africa's share of world coffee production has been declining, Uganda's output has seen a steady increase since 1986, buoyed by the creation of the Uganda Coffee Development Authority (UCDA) in 1991.

**Coffee accounts for the majority of export revenues**, while agriculture employs more than 80% of the country's work force.

In Uganda, coffee remains among the traditional cash crops and is one of the country's top foreign exchange earners as well as its most important agricultural export, contributing 17.7% of the total national export value in 2013/14.

Uganda produces what is generally considered by international markets to be the **world's best volume of Robusta coffee**. Robusta coffee, in fact, is native to and originates from Uganda.

Much of the country's surface area is roughly 1,000 metres above sea level, enabling it to yield both arabica and robusta coffee of very high quality.

### 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 (11<sup>th</sup> globally)**
- **Farmer receives ~75% of export (FOB) price**

\*Source: Export Processing Zone Authority



### Africa's largest Robusta producer

Africa's biggest robusta coffee producer is Uganda, accounting for 7% of world robusta exports. Uganda is also Africa's second biggest arabica producer. Uganda has a surface area of 241,550.7 square kilometres. Almost 25% of its surface area consists of rivers and lakes, and much of it is around 1,000 metres above sea level, enabling it to yield both arabica and robusta coffee. Robusta coffee is indigenous to Uganda – the Nganda and Erecta varieties are native species that grew wild in the lake crescent region of the ancient Kingdom of Buganda. Uganda robusta is, therefore, a primary (indigenous) robusta, traditionally renowned for its handiness in blending and its mild taste, because it is cultivated at high altitudes of between 1,000m and 1,300m. If it is properly harvested and processed well, the coffee is also suitable for use in espresso blends.

Arabica initially came from Malawi and Ethiopia. It is cultivated on Mount Elgon's slopes on the Kenyan border, as well as on the slopes of the Rwenzori Mountain Range on the Democratic Republic of Congo border.

Ugandan farmers benefit from an efficient and highly competitive supply chain (farm gate price 75% of FOB), as well as a favorable policy environment. Sustainably certified and verified coffee exports from Uganda currently stand at less than 3%.



## INVESTMENT OPPORTUNITIES

- **Production:** With coffee consumption growing by an average of 2% per year around the world, Uganda offers a wealth of opportunities for investment in large-scale coffee production, as much of the country's smallholder coffee farmers are not yet adequately mobilized into viable economic units.
- **Production and export of processed Robusta coffee:** Properly processed, fine Ugandan Robusta coffee, whether wet or sundried, has shown its ability to experience success with specialty traders and niche markets from around the world, leading to various investment opportunities in specialty coffee production and export in Uganda.
- **Central processing of Arabica coffee:** Arabica coffee offers a double set of opportunities for investment in Uganda. First, several investment opportunities exist for the creation of central washing stations for Arabica beans, a process which drastically increases their quality and consistency. Such stations in the Elgon area are already receiving substantial premiums for fully washed Bugisu coffee. Secondly, various investment opportunities exist in improving the washing of Arabica blends, which are currently naturally processed.
- **Soluble coffee production:** In the fifteen years from 1985 to 2010, annual soluble exports from coffee-producing countries have increased fivefold, from 63,000 to 332,000 tons. The bulk of this soluble coffee is derived from Robusta coffee. Since Uganda is a large Robusta producer without its own soluble coffee industry, investment opportunities abound in soluble coffee production.



## KEY CONTACTS

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