



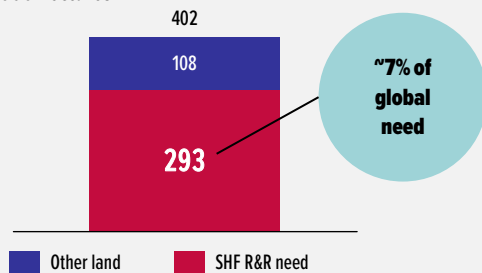
Uganda is an important global producer with significant uplift potential due to a high need for R&R and low current SHF yields

Quick facts: Uganda is Africa's 2nd biggest producer

Production '000 tons, 2014	Production share Global & region	Coffee land '000 hectares, 2014	Varieties Arabica-Robusta
220	10th in world 2nd in Africa	402	~30% A ~70% R

R&R need: ~75% of total land is in need of R&R

SHF land in R&R need out of all land
'000 hectares



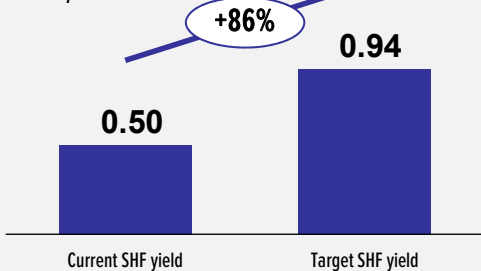
Drivers of R&R need:



Coffee trees in Uganda are on average 50 years old. Most of them would require renovation or intensive rehabilitation alongside with GAP.

Uplift potential: Significant potential for SHFs and national supply

Current SHF yield & potential uplift1
Tons per hectare



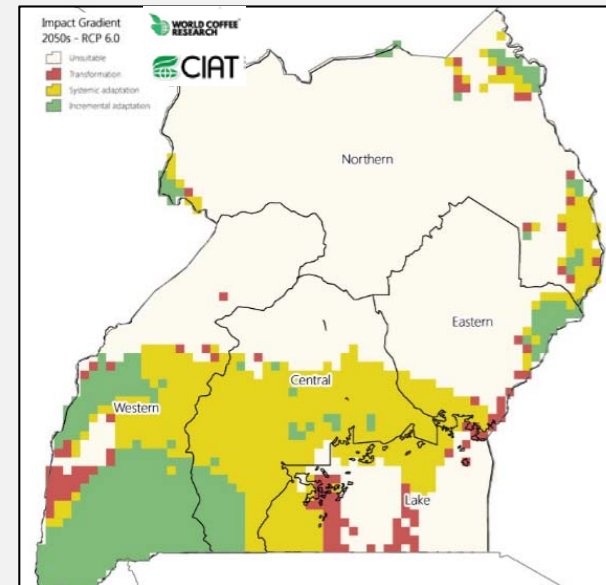
Potential increase in supply

~15-55%

Total national supply could increase ~15-55% if R&R and GAP is implemented on all SHF land in need of R&R2

Viability: Climate change could significantly impact Arabica

Suitability map



- Arabica production in southern Uganda is looking to be heavily impacted by climate change

Other viability considerations

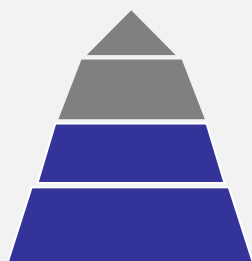
- Coffee is the main cash crop in Uganda, contributing almost a third of foreign export earnings
- There is growing domestic consumption which might increase demand and need for localized processing
- High competition between traders promotes the trading and sale of poor quality coffee, with few incentives for the farmers to invest in improvement of the quality of their product. Price premiums for quality would incentivize farmers to invest

Notes: (1) The current yield is calculated on the basis of SHF production divided by SHF land area, the potential yield uplift comes from the GCP study on Uganda: GCP, *Uganda: GCP: Economic Viability of Coffee Farming, 2017* – this study cites an average SHF yield of 0.625 tons/hectare; (2) Rounded to the nearest 5%, estimate assumes that R&R and GAP increase yields with 86%, and the range reflects a 25-100% R&R success rate. Sources: FAOstat, *Coffee production and land under coffee, 2014*; ICO production statistics; Deloitte, *Uganda Economic Outlook 2016: The story behind the numbers, 2016*



Uganda is home to a significant share of global SHFs that mostly have loose or weak linkages to market, and availability of R&R components is lacking

Farmer segmentation: Most SHFs are at the bottom of the pyramid



National production is dominated by SHFs

SHFs are predominately in loose value chains or weakly connected value chains, with unstable links to market. There are few (well functioning) aggregation points for farmers

SHFs
'000

1,161-1,700 (~6-9% of global SHFs¹)

SHF land
'000 hectares

390 (~95% of national land) – average farm size ~0.2-0.4 ha

SHF production
'000 tons

200 (~90% of national production)

Assessment of SHF
orgs.

Coops are few and far in between and typically have low capacity

Links to market

Sector is dominated by private sector agents and brokers at the aggregator level

Enabling environment for R&R: Though government is supportive, access to R&R components is lacking

Political
environment



Availability of
inputs



Availability of
finance



Knowledge
availability



- Coffee share of GDP: 1.8% (2016)²
- The Uganda Coffee Development Authority (UCDA), the industry regulator, launched a National Coffee Strategy meant to increase export revenue from USD 0.5 B in 2014/15 to USD 2.5 B by 2040
- Generally low availability of inputs and SHFs are reported to not apply the correct amount of nutrition to their trees
- UCDA launched a Robusta coffee nursery seedling multiplication program. UCDA worked with 132 private nurseries across 14 districts to improve their performance. The level of success varies by nursery
- Low availability
- There is little local experience with financing R&R and even finance for inputs and other ongoing production costs are limited for most farmers
- Low adoption of GAP and limited current availability of TA
- The Agricultural Sector Strategic Plan aims to train extension service workers across country, but limited funding has been provided so far

Examples of R&R programs: No direct R&R programs were observed, but HRNS has been working on systemic capacity building

- **HRNS – Building Coffee Farmers’ Alliances in Uganda (2009-2013):** The project sought to improve livelihoods of coffee SHF through improved coffee production and increased revenues. The first step was to aggregate producers into organized groups. The project also created the apex organization “Uganda Coffee Farmers Alliance (UCFA)”.

Notes: (1) Assuming a global SHF population of 20 million – estimates of farmers are high-level only and vary significantly; (2) According to UCDA in Daily Monitor, Low consumption affecting Uganda coffee prices, incomes, 2016. Source: GCP, Uganda: GCP: Economic Viability of Coffee farming, 2017; FAOstat, Coffee production and land under coffee, 2014; ICO production statistics; Deloitte, Uganda Economic Outlook 2016: The story behind the numbers, 2016