



CARANA Corporation

THE COMPETE PROJECT

Competitive Private Enterprise and Trade Expansion

Position Paper

**STRENGTHENING THE EXPORT COMPETITIVENESS OF
UGANDA'S COFFEE SECTOR**

Submitted to

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TABLE OF CONTENTS

The Challenge	2
The Problem.....	2
The Opportunity.....	3
The Strategy	4
Action Steps.....	4
The Participants and Their Roles.....	5
Responsibilities for developing a National Export Initiative for coffee	6
Short and Longer-Term Work Plan	7
Projected Results.....	8
Disclaimer	8

ANNEXES

ANNEX I	9
ANNEX II.....	16

STRENGTHENING THE EXPORT COMPETITIVENESS OF UGANDA'S COFFEE SECTOR

The Challenge

Coffee traditionally has been Uganda's most important export sector, currently accounting for over 60% of the country's foreign exchange receipts. Moreover, coffee is critical to the incomes of 20% of the country's population. It is estimated that between three and four million Ugandans depend directly or indirectly on coffee growing and trading for part of their livelihood. Furthermore, Uganda's soil, climate and altitude make it an ideal area to grow relatively high quality 'robusta' coffees that normally command a premium on international markets. Ugandan robustas are prized for their 'soft' taste that permits roasters often to utilize them instead of higher-priced 'arabicas' in their blends.

In recent years, external and internal factors have combined to dramatically reduce coffee's contribution to economic growth, foreign exchange earnings, and rural incomes. Externally, world coffee prices have declined precipitously, and appear set to remain at a low level. Internally, the quality image of Ugandan coffee has suffered greatly as a result of the imperfect, poorly regulated quality of the exported product. Uganda's high quality 'washed robustas' have disappeared and the 'unwashed robustas' it now produces cannot attain comparable quality.

Uganda must address this crisis in its coffee sector as a matter of urgency. Both the private and public sectors need to engage in a 'national export initiative' to enhance and rehabilitate coffee's contribution to economic growth and foreign trade.

The Problem

Externally, the dramatic decline in world coffee prices over the past few years has been devastating for the country's foreign exchange receipts and coffee's contribution to rural incomes. While the volume of coffee production has remained relatively stable over the past five years, the value of exports has dropped from \$433 million in 1994/95 to \$165 million in 1999/00. It is estimated that foreign exchange earnings will reach only \$100-\$120 million in 2001. Farm gate prices for growers have declined by 50% since 1994/95, bringing the price growers receive perilously close to their cost of production.

Internally, since the dismantling of the Coffee Marketing Board in 1991, effective quality control of the country's coffee exports has been lost. This has led to many new entries into coffee trading operations, with the result being that quality of exported coffee has not been systematically monitored or certified. The result has been a general decline in the quality of coffee that Uganda exports. International roasters, the ultimate customers for exported coffee, have become increasingly skeptical of Ugandan robustas, discounting their price and even rejecting Ugandan coffee deliveries outright.

The internal trading system is chiefly responsible for this poor quality. The Ugandan Coffee Development Authority, responsible for registering and monitoring coffee trade participants and controlling export quality, has been unable to monitor the country's 600 primary processing plants. The present system encourages the adulteration of higher quality export coffee. The current regulations do not permit the Authority to prohibit the export of coffee with these taste defects.

There is little communication of market standards from the exporters, who understand them best, to other parts of the production chain, namely farmers, processors, and intermediaries. Furthermore, the cash problems of farmers, due in large part to low prices for their output, leads to inadequate fertilization and slow replacement of aging bushes.

While quality standards and control are the most serious internal problem confronting the competitiveness of Ugandan coffee, *other factors also contribute to the sector's problems.* Lack of institutions and processes to test and certify quality in the coffee growing regions, as well as to instruct growers and processors in quality assurance, is a high priority that needs to be addressed. Physical infrastructure (in particular storage facilities, transportation, and rural telecommunications connectivity) is poor, further hindering the competitiveness of the sector. Improved credit facilities, needed to install 'wet milling' equipment and expand coffee planting, are lacking.

The Opportunity

Uganda has the capacity to restore its quality image through effective management of both people and processes. Uganda's agricultural and climatic conditions permit it to be a premier producer of quality robusta coffees. Restoration of the quality of its robustas in international markets should enable it to maintain and even increase its premium price for exports. By maintaining high quality of its exports, Uganda can partially mitigate the impacts of the decline in world coffee prices.

To regain its lost market position, immediate and urgent priority should be given to measures that are needed to ensure quality exports. *An objective must be to establish a 'Uganda Coffee Quality Seal'* which certifies to international customers (principally a small number of roasters in Europe) that Uganda's exported coffee has been carefully tested to meet their standards.

Both the private sector and government must work together to develop the certification process, as well as provide technical assistance, training, and information to growers, processors, and exporters that enables them to produce and ship quality coffees to roasters. Exporters, traders, and roasters should be involved directly in this process to make certain that production and quality standards are clearly defined and communicated.

Pilot projects to upgrade quality must be immediately launched around Uganda with the support of government and private organizations to demonstrate how quality coffee must be grown, processed, and shipped. These projects need to be publicized and replicated as rapidly as possible to ensure that maximum benefits are obtained by Uganda's rural population and enterprises dependent on the coffee trade.

The Strategy

The approach that Uganda must follow should be based on the recognized principles of international competitiveness. A sound competitiveness strategy must focus on four key elements: demand, factors of production, strategy, and the cluster of interlocking activities that constitute the coffee sector. Above all, the approach to strengthening *the long-term competitiveness of the coffee sector must begin with understanding the market and what the customer will buy*. In the case of coffee, quality determines the premium that the customer will pay.

Responding to demand, the competitive strategy must be to *communicate what constitutes market value to each link in the coffee production chain*. This strategy must be based on achieving cooperation among the components in the chain, including farmers, processors, intermediaries, exporters, and roasters (who are the final customer) to achieve that market value. Other stakeholders must be incorporated into the process, namely, farmers associations, government authorities, private associations, and the donor community. Factors of production that must be strengthened include physical assets (coffee processing equipment), human resources (training, information to growers and associations alike) and capital (availability of credit to the components in the production chain).

The strategy will require that the government take an important role in mobilizing the voluntary support of all stakeholders around a national coffee export initiative, even though it is private initiatives that will drive this process. Effective communication is required as well as a clearly defined national target, such as a Ugandan Quality Seal for export coffee. Institutions must be devised or restructured to implement this effort. These institutions, both public and private, must be oriented (and funded) to play specific constructive roles in upgrading quality standards across the board.

Quality ‘control’ alone is not enough. *Assistance must be given to improve production, handling, transport, and processing*. To achieve this, technical assistance, training, finance, and information/communications technology must be provided to the sector through a variety of channels, whether via government, private associations, or donor organizations.

Using revised quality standards as a baseline, growers and processors must be educated how to meet these standards. Reaching out to this population will involve a range of media and institutions that need to be coordinated. To achieve this, *successful demonstration or pilot projects must be quickly launched that can be replicated across the sector*.

Therefore, a *strategy*, responding to *demand*, that skillfully focuses on strengthening the *factors of production* can put Uganda’s coffee sector in a far stronger competitive position in international markets.

Action Steps

Uganda’s competitive challenge is principally about people and processes. The intrinsic quality of Uganda robusta coffee is high. The tasks remains to mobilize a private sector effort to improve and protect that quality so that customer satisfaction is guaranteed and that Uganda coffee sustains an image of a high-grade, reliable product. Organizing people and processes will involve several steps:

- *Understand the range of customer requirements*

Continual contact must be maintained with ultimate customers to monitor trends in the market, changing standards, and the competition. A Ugandan coffee export strategy must include strong interaction with these customers, mostly a small number of European roasters.

- *Redefine quality standards and disseminate these standards widely.*

The standards of acceptable exported coffee must be effectively articulated and distributed to all links in the production chain.

- *Develop a new, credible certification process for exports.*

A tangible, visible certification is need such as the award of a Ugandan Coffee Quality Seal that is recognized by customers and producers alike.

- *Develop the delivery mechanisms for:*

- certifying export quality
- delivering technical assistance and information to farmers, hullers, intermediaries, and exporters for upgrading quality
- regulating traders and other intermediaries
- promoting 'wet milling' for export of 'washed' robustas

- *Continuously communicate new information and techniques to growers and processors*

Reaching farmers, farmers associations, processors, and intermediaries requires the use of appropriate media and training techniques, adapted to their unique working environments and communication channels.

- *Develop demonstration models*

- nucleus farms
- association training in 'best business practices'

Over the longer term, Uganda should seek to make structural improvements in the production of coffee. The development of models as nucleus farms will be needed for Uganda to maintain its competitive position.

- *Assist credit facilities to provide credits to growers and processors*

Access to capital remains a critical need for farmers and processors and needs to be addressed in a national coffee strategy.

The Participants and Their Roles

For an effective 'national export initiative' for the coffee sector, all key participants must be brought into a coordinated effort. While the private sector must ultimately take the lead, the role of government, non-governmental organizations, and donors will be critical to the success of the strategy.

- *Private sector*

All links in the production chain must be included in the effort over time. While this may be a slow, gradual process, a sustained effort must be undertaken to continually draw in larger number of producers and processors into the effort to upgrade the coffee product.

- *Public sector*

Government's role as a mobilizer of support and resources will be critical to the success of the strategy. Government institutions can play an important role on assisting in the quality certification process for exported coffee and the delivery of services to the coffee sector. As the principle provider of infrastructure for the sector, the government's role is crucial.

- *Non-governmental organizations*

Technical assistance and training services provided by the NGO community will be important in reaching the target population of farmers, handlers, and processors.

- *Donor organizations*

Uganda's need for assistance from the donor community in restructuring its coffee sector is apparent. Investment is needed in coffee processing techniques, human resource development, access to capital, and physical infrastructure.

Responsibilities for developing a National Export Initiative for coffee

Several of the critical groups in developing and implementing a National Coffee Export Initiative will include the following:

- *The Special Task Force for Export Competitiveness* chaired by the Ministry of Finance, has lead responsibility in implementing the country's *Medium-Term Competitive Strategy for the Private Sector*. The Task Force will be the leading policy recommendation body that will propose actions to the President and Cabinet.
- *A Coffee Sector Working Group* will be composed of leading members of the private sector representing all parts of the sector, as well as government institutions directly involved in developing the coffee sector. This group will be the focal point of the national exports initiative in the sector, making recommendations to both the public and private sectors.
- *USAID's COMPETE Project* will provide technical advise to the Working Group and will provide advice to the Special Task Force and other governmental organizations.
- *Private sector associations* such farmers associations, other nongovernmental associations responsible for working with elements of the production chain and the Private Sector Foundation will be key figures in an advisory capacity. The Working Group will work closely with their constituents to transmit information on the new competitiveness efforts.

- *Public sector agencies* such as the Uganda Coffee Development Authority responsible for defining and enforcement of quality standards for export coffee, the Uganda Standards Bureau, and the National Environmental Management Authority will be key players in the process. Relevant governmental departments and the Uganda Investment Authority will be partners in developing new incentives and initiatives for the coffee sector.
- *Non-governmental organizations* will for deliver technical advice to producers and processors.

Short and Longer-Term Work Plan

To strengthen coffee's competitive position in international markets, a sequence of steps must be followed. Several immediate actions are needed in the first year of the strategy. Thereafter, structural changes in the production and processing of coffee need to be pursued that require a sustained effort over several years.

- *Initiation/Announcement of the National Export Competitiveness Strategy at a National Conference on Coffee in 2001.*
Announcement by the President or Cabinet of a 'National Export Initiative' that will involve a multi-year coordinated effort throughout the country, involving public and private sectors.
- *Year 1 Action Plan: Short-term measures to enhance quality*
In the short-term, Uganda needs to act urgently on the restoration of high quality robusta production, processing, and exporting. A series of immediate measures are required:
 - Revise coffee export standards. This will involve consulting with customers to define coffee standards, defining standards for exported coffee, instituting a Ugandan Quality Seal for coffee exports, and designating procedures to enforce standards.
 - Disseminate/publicize standards. This will be accomplished through consulting with producers and processors, preparing a public awareness campaign, designing enforcement procedures, creating an outreach program, and launching a pilot demonstration of best practices to meet international standards.
 - Roll out of new certification system for export coffee. This will involve reinforcing participant understanding of requirements, demonstrating enforcement procedures and, issuing Uganda Quality Seals to processors and exporters of coffee that meet new standards.
 - Feedback, monitoring, and revisions to quality control systems. This will be done by measuring the impact/adherence to new standards, identifying problems, and introducing modifications.

Years 2-5 Action Plan: Longer-term measures to improve and restructure coffee sector

Over the longer-term, Uganda's coffee sector must make structural adjustments that will enable it to achieve and maintain a strong competitive position. Public and private sector efforts must be focused on several areas:

- Continuous improvement of export quality with strict adherence to Quality Seal requirements
- Wider production of 'washed' robustas through expansion of wet milling facilities
- Promotion of direct sales from farmers to processors to exporters to roasters, eliminating intermediaries that have reduced price and quality of export coffee
- Introduction of nucleus estates and expansion of farmers associations to strengthen production and processing
- Upgrading business skills of different components in production chain
- Improve communications connectivity to coffee regions and processing centers
- Improve physical infrastructure in coffee growing areas
- Extend credit facilities to coffee producers and processors
- Seek alternative methods for value added products
- Increase productivity of coffee farms

Projected Results

- More stable international market position as result of certified, reliable quality
- More reliable source of foreign exchange earnings
- Stable price premium for Ugandan producers and exporters
- Increased roaster satisfaction with purchase of Ugandan robustas
- Greater volume of 'washed robustas' and better quality 'natural robustas'
- More cohesive, mutually supportive coffee industry
- More farmer-owned and farmer-managed coffee processing businesses
- Improved incomes and quality of life in coffee producing areas
- Increase in production per hectare of coffee
- Identification of alternative markets
- Diversification into value added products

Disclaimer

This document was prepared in the absence of having approval of the Coffee Sector Working Group, and as such some of the action programs indicated may be modified to meet industry stakeholder needs.

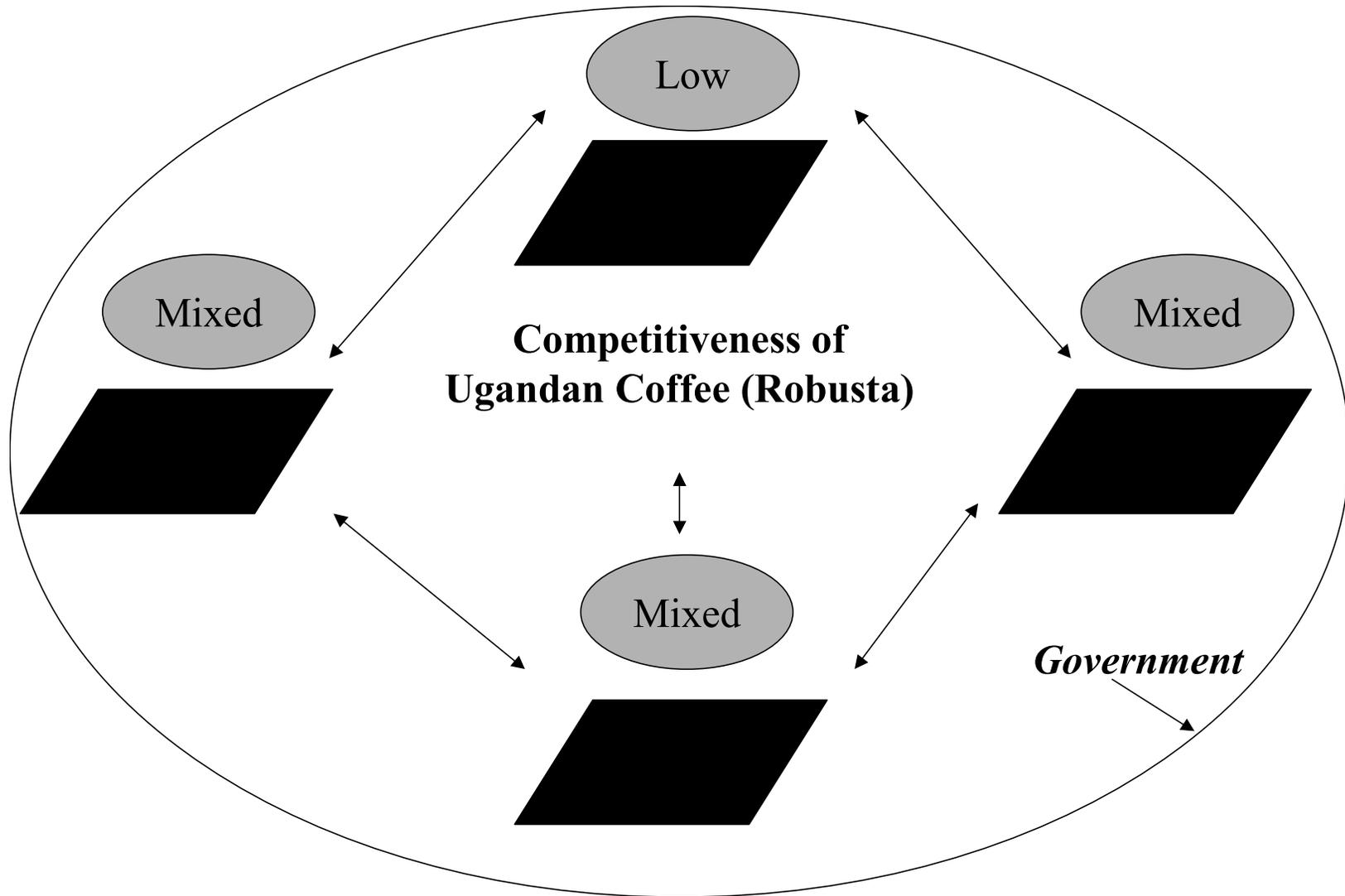
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ANNEX I

The Competitiveness of Uganda's Coffee Exports

A Competitive Diamond &
SWOT Analysis of
Coffee (Robust)

Uganda's Coffee (Robusta) Exports: A Competitive Diamond



Competitiveness Diamond for Ugandan Coffee (Robusta)

1. Strategy, Structure and Rivalry -- Low

- +/- Good Quality Possible
- +/- Innovation Into New Products
- - Poor Local Processing, Roasting Facilities Absent
- - Farmers Not Trained in Better Processing
- - Lack of Quality Controls
- - Little Product Innovation
- - Low Management Skills
- - Bulk Exports
- - No Established Strategy
- - Not Accessing Niche Markets
- - Roasters Decide Quality, Low Bargaining Power and No Strategic Partners
- - Many Possible International Competitors (Vietnam, Indonesia, Tanzania), With Low Production Costs

2. Demand -- Mixed

- + Existing Market For Specialty Coffees and Special Blends
- + Hidden Demand for Good Quality Robusta Coffee
- + Specialty Coffee Has a Niche In Beverage Industry
- + Coffee Is Drunk All Over the World
- + High Quality Robusta Coffee, With a Soft-Neutral Taste
- - Low Knowledge of Specialty Buyers
- - Limited Exposure To The World Marketplace
- - Limited Market Research and Trade Exposition Participation
- - Little Direct Knowledge of End Users
- - In the 1990s, Real Prices Declined Substantially

3. Factors of Production -- Mixed

- + Good Quality Water
- + Introduction of Clonal Coffee
- + Strong, Favorable Macro-Economic Environment
- + Low Labor Costs
- +/- Highly Educated Farmers
- +/- Mixed Policy Signals from Government
- - Poor Production Practices (Harvesting, Drying, Processing)
- - Prevalence of Coffee Wilt Disease
- - Land Fertility Declining
- - Use of Aged Coffee Trees
- - Poor Physical Infrastructure
- - Low Levels of R&D Output
- - Poor Extension Services
- - Poor Financial Extension Services and Business Development Services

4. Cluster -- Mixed

- + Presence of Supporting Industries
- + Extending to Include Joint Ventures
- + Nucleus Farm Concept Emerging
- +/- Weak Quality Testing Facilities
- +/- Weak Training Institutions
- +/- Ineffective Research & Weak Research Activities
- +/- Mixed Government Support
- - Poor Production and Marketing Linkages
- - Absence of Major Roasting Facilities
- - Wet Processing Infrastructure is Weak

SWOT ANALYSIS OF THE COFFEE SECTOR IN UGANDA

RESEARCH & PRODUCTION:

Strengths:

- There is a well established Coffee Research Centre (COREC)
- Well trained, however small, cadre of researchers.
- Existence of coffee nurseries to plant and/or replace old or wilt infected coffee trees.
- Coffee produced in Uganda is of an organic nature.
- Ugandan coffee has a unique quality which increases its value.
- Various season of rainfall favors coffee production throughout the year.
- Coffee employs over 3.5 million people throughout the production, processing and marketing phases.

Weakness:

- Limited funding for coffee research.
- Limited support staff to conduct research.
- Limited research infrastructure.
- Limited housing for research staff at COREC.
- Limited coffee based extension system.
- Limited land access for coffee production.
- Lack of organized input distribution system to trigger production.

Opportunities:

- Increased amounts of funding for research.
- Infrastructure at COREC has been expanded to allow for increased experimentation and staff housing.
- Increased manpower development at COREC.
- Increased planting of high yielding clonal coffee varieties to restore production.
- Investment in input distribution system to restore lost productivity at the farm level.
- Investment in low cost primary technology (hand hullers) to ensure high quality processing techniques at the ideal moisture content.

Threats:

- Research activities are not responsive to industry needs, resulting in the creation of a weak database of information.
- Limited funding hampers research.
- Limited housing for research staff affects efficiency and timeliness of research results.
- Coffee Wilt Disease is not occurring at a rate of 5%.
- Increased infection of arabica coffee diseases resulting from limited use of pesticides and fungicides.
- Aged coffee tree stock has surpassed the optimum production age of 40 years and need to be replaced.

SWOT ANALYSIS OF THE COFFEE SECTOR IN UGANDA

PRIMARY PRODUCTION:

Strengths:

- Easy access to primary processing machinery
- Open market competition.
- Availability of financing.
- Open access to roads.
- “On-the-spot” payment to farmers for delivery of product.
- Farmers capture nearly 70% of export value.

Weakness:

- Overabundance in processing facilities relative to available crop.
- Low drying standards at the farm and processor level.
- Poor harvesting methods.
- Poor storage and handling standards.
- Primary processing of wet coffee at hulling stage.
- Poor storage of wet coffee at farm and processor levels.
- Poor supply of wet coffee to processors.

Opportunities:

- Increased investment in drying yards to avoid contamination.
- Increased investment in wet processing robusta coffee by means of reviving central processing and hand pulpers.
- Improved quality control at the farm level.

Threats:

- Mold growth (OTA) and other diseases.
- Further quality deterioration through poor agricultural and processing processes.
- Demand exceeding supply resulting in low quality in market.

SWOT ANALYSIS OF THE COFFEE SECTOR IN UGANDA

SECONDARY PRODUCTION AND EXPORTATION:

Strengths

- Coffee exports still account for over 50% of Uganda’s foreign exchange earnings.
- Easy access to processing machinery.
- Open competition.
- Availability of financing.
- Access to road networks
- Ranked 2nd in Africa and 9th in the world.
- Unique quality with special characteristics.
- Robusta receives a high premium than other types of coffee.

Weakness:

- Processing of wet coffee.
- Excess consumption.
- Local financing is expensive and results in less profit.
- Low levels of domestic coffee consumption.
- Under invoicing of coffee at export stage.
- Export of contaminated and very low quality coffee.
- Limited quality control at secondary processing and export phases.
- Lack of promotional and marketing strategies, both locally and internationally. No concentrated international market penetration.
- Ugandan robustas are sold to roasters as filler for arabica roasts.
- Loopholes in quality standards.
- Roasters are monopoly buyers.
- Ugandan coffee not exposed to final consumers.
- No quality arbitration prior to exportation.
- Inefficient transport facilities.

Opportunities:

- New laws and regulations to be established.
- Reintroduction of wet and pulp processing.
- Increased financing to the sector.
- Increased domestic consumption.
- Promotion of Ugandan coffee in markets other than Europe (i.e. China, Russia, etc.)
- Increased investment in domestic coffee roasting for export of added value coffee.
- Enforcement of quality control laws by grassroots leaders and extension agencies.
- Regulated quality control procedures at regional and district levels through establishment of quality corridors as control points.
- Establishing quality label for Ugandan coffee in world markets.
- Potential for specialty coffees.
- Export platform as an organic coffee.

Threats:

- Continued depression of world coffee prices.
- Loss of premium on Uganda robustas as a result of poor quality.
- Ugandan coffee facing competition from other emerging producers such as Vietnam, Indonesia, India and others.
- Limited participation of local traders at export phase due to high cost of operating capital.
- Foreign exchange fluctuation.
- Price volatility, both locally and internationally.

ANNEX II

MEMORANDUM TO THE SPECIAL TASK FORCE ON EXPORT COMPETITIVENESS

**MEMORANDUM TO THE SPECIAL TASK FORCE ON
EXPORT COMPETITIVENESS**

**STRENGTHENING THE EXPORT COMPETITIVENESS OF
UGANDA'S COFFEE SECTOR**

The Challenge:

- Coffee has traditionally been Uganda's most important export sector, currently accounting for 60% of the country's foreign exchange receipts and contributing to the incomes of 20% of Uganda's population
- However, in recent years, external and internal factors have dramatically reduced coffee's contribution to Uganda's economic growth and foreign exchange earnings.
- Uganda must address the crisis in its coffee sector as a matter of urgency.

The Problem:

- Externally, the dramatic drop in world coffee prices is responsible for the sharp decline in foreign exchange earnings and rural incomes in coffee-growing regions
- Internally, the quality of Uganda's coffee exports has significantly deteriorated in the past 10 years. International customers (mainly European roasters) complain that Ugandan coffee is increasingly of low and unreliable quality compared to the past.
- The internal trading system in Uganda is largely responsible for this poor quality. There is very little quality control of coffee sold by exporters, resulting in large discounts, and even outright rejections, by the final customers (roasters).
- There is little communication of market standards from exporters, who understand those standards, to Ugandan farmers and processors. This lack of information puts Ugandan producers at a serious disadvantage.

The Opportunity:

- Uganda's soil, climate, and altitude permit it to produce an intrinsically high quality robusta coffee.
- The country has the opportunity to restore its quality image of robusta coffee through effective management of quality and processes
- By establishing a 'Ugandan Coffee Quality Seal' for its exports that certifies to international customers that the coffee exported by Uganda meets the highest robusta standards, Uganda can regain its position in these markets.
- By persuading private and public sectors to work together to develop an effective certification procedure as well as processes that enhance coffee quality, Uganda can overcome the internal competitive obstacles it currently faces.

The Strategy:

- The competitiveness of Uganda's coffee in world markets begins with an understanding of what the customer will buy. Ugandan coffee must meet the standards of the most demanding buyer. Those standards must be widely understood and adhered to.
- Communication with all links of the production chain about acceptable standards and processes becomes indispensable.
- The government needs to take a leading role in mobilizing national support behind an effort to improve coffee's competitive position.
- Assistance must be given to improve production, handling, processing, transport, and marketing.
- Pilot projects to upgrade coffee quality must be launched immediately that can lead to longer-term restructuring and strengthening of the sector.

Action Steps:

- The private sector and government must understand and communicate the requirements of international buyers to the entire coffee sector
- Export quality standards for coffee must be refined, articulated, and disseminated widely
- A sensible, workable certification process for export coffee must be set up.
- Institutions and delivery mechanisms for standards certification, technical assistance to the sector, regulation of intermediaries, and longer-term restructuring of the sector must be set in place.
- Continuous communication of new information and techniques to growers and processors must be undertaken, including demonstration projects of best practices.
- Credit facilities for growers and processors must be expanded so as to permit investments in 'wet-milling' that will enhance the premium paid for Ugandan robustas.

The Participants:

- Highest levels of government, preferably the president, should mobilize support for a 'national export initiative' to restore coffee's international competitive position.
- The Special Task Force on Export Competitiveness should incorporate the key public and private groups that can make change happen.
- The Coffee Sector Working Group, comprising leading components in the sector, should recommend wide-ranging actions and policy changes.
- The COMPETE project (funded by USAID) will provide technical assistance to the Working Group.
- The Uganda Coffee Development Authority, or alternative body, should be restructured and properly funded to play a constructive role in reestablishing coffee export standards.
- Private sector organizations should take on active roles in communicating market standards to their members and constituents.
- Donors and non-governmental organizations should be invited to participate in key components of the export development strategy.

Short and Longer-Term Action Plan:

- *Launching of a National Export Initiative for Ugandan coffee*
 - Announcement by the President and Cabinet at the National Conference on Coffee.
- *Year 1 Action Plan -- Quality Upgrading*
 - Revise and publicize Uganda's coffee export standards based on customer requirements.
 - Inaugurate a Uganda 'Quality Seal' for export coffee that meets the standards
 - Develop, test, and roll out a workable, simple certification system that growers, processors and exporters can participate in.
 - Develop communication channels for reaching all segments of the coffee sector.
 - Launch pilot demonstration projects to demonstrate 'best practices' needed to meet international standards.
- *Years 2-5 Action Plan -- Restructuring the Coffee Sector*
 - Expansion of quality-enhancing systems such as wet-milling to produce higher value 'washed robustas' for the international market.
 - Restructuring of trading system to facilitate direct sales from processors to exporters to roasters (removing intermediaries who reduce quality and price).
 - Delivery of technical assistance, training, and credit to coffee growers and processors.
 - Improvement of physical infrastructure in coffee growing regions that impacts on production and maintenance of coffee quality.
 - Increase in productivity of coffee farms.
 - Seek alternative markets for value added products.

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