

**AN ANALYSIS OF THE LEGAL FRAMEWORK OF THE COFFEE INDUSTRY IN UGANDA**

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**UGANDA CHRISTIAN  
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## **AUTHOR’S DECLARATION**

I **JJUUKO AMRUH**, do hereby declare that this dissertation was carried out by the requirements of the University's Regulations and Code of Practice for Research Degree Programs and that it has not been submitted for any other academic award. Other works cited or referred to are accordingly acknowledged.

Signature ..... Date: .....

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## **APPROVAL**

This dissertation has been submitted for examination with my approval as University Supervisor.

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**MR. EDGAR BAGUMA QUENSI**

## **ABSTRACT**

Uganda boasts a robust coffee industry that's a contributor to its national economy. This paper delves into the legal framework of this industry by focusing on the roles of the Uganda Coffee Development Authority (UCDA) as the central regulatory body by analyzing its mandate and its impact in areas such as production, processing, marketing and export. The research also focuses and explores on how the current legislation addresses quality control, farmer and workers' rights and the sustainability of the environment.

This paper aims to shed light on the existing regulations and policies as well as providing a comprehensive understanding of the legal landscape shaping Uganda's coffee industry through an analysis of the relevant laws, policies and institutional structures. It will identify the areas of strength and those with weaknesses, offering insights for policy makers to optimize the legal framework for continued development and success.

## **DEDICATION**

I dedicate this research to my parents, Hajj Jjuuko Sulayit and Aisha Kajjumbi, family and friends. Their support fueled my dedication throughout this journey through the love they provided I got a foundation for this exploration. To my friends (The inner circle) and Fayad whose shared interest in Ugandan coffee sparked my curiosity. This work is a testament to the power of shared compassion.

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# CHAPTER ONE

## General Introduction

### 1.0 Introduction

Coffee is a vital part of Uganda's heart and economy and it's not just a drink. This dissertation explores the world of coffee and how it shapes the lives of very many farmers and how it influences the nation's economy. Uganda as the second largest exporter in Africa plays a crucial role in the global coffee market.<sup>1</sup>

Coffee being a critical part of the economy with over 1.8 million households grow it, nearly contributing a third of the country's export earnings as a result paying for critical infrastructure like roads, hospitals and schools. The country has ambitious goals to quadruple the coffee production in the coming years<sup>2</sup>. Uganda being known primarily for Robusta production is also eager to increase its overall production and quality to boost demand.<sup>3</sup>

Having a robust legal frame work is an essential in maintaining Uganda's reputation as a high quality coffee producing country. The **Uganda Coffee Development Authority (UCDA) Act 1994** established the UCDA (Uganda Coffee Development Authority), the central body that is responsible for regulating, promoting and developing the industry. This body plays a vital role by issuing licenses to coffee processors, exporters and warehouses as a result ensuring adherence to quality standards and regulations across the value addition chain.

Further more **The National Coffee Act 2021**, that came as an amendment supplements the UCDA act by specifying regulations for various stages in the production of coffee. This act further emphasizes quality control measures like the prohibiting the mixing of the different coffee grades, it also mandates registration for all coffee farmers and processors fostering transparency and traceability.

**The National Environment Management Authority (NEMA) Act**, established in 2019 also plays a role in regulating environmentally sound practices in coffee production by making sure there is sustainable land use practices so as to minimize environmental degradation that is associated with coffee farming

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<sup>1</sup> Bean Poet. (2020). How Experts Rated 1,229 Coffees From Countries Around The World. Retrieved March 16, 2022, from <https://www.beanpoet.com/best-coffee-country/> accessed on 5<sup>th</sup> may

<sup>2</sup> World Coffee Research, Uganda, <https://worldcoffeeresearch.org/> accessed on 5<sup>th</sup> may

<sup>3</sup> Uganda Coffee Development Authority, <https://ugandacoffee.go.ug/> accessed on 5<sup>th</sup> may

**The National Coffee Policy, 2013** this policy not being a legal document provides a comprehensive framework for the sectors development . This policy emphasizes supporting of farmer organizations and promoting value addition at various stages as well as fostering a liberalized market environment within a regulatory framework.

Through this comprehensive analysis, we aimed to shed light on the legal framework governing Uganda's coffee industry, and the goal is to provide recommendations that could sustain and elevate Uganda's coffee industry.

### **1.1 Background of the study**

The famous saying "**emwanyi telimba**" deeply resonates within Uganda reflecting the essence of a hidden treasure, Coffee in Uganda is more than just a beverage but rather a historical thread woven into the fabric of the nation's economy and social landscape . Let's delve into the Ugandan coffee fascinating journey exploring its development and how the legal framework has adapted alongside it.

Coffee was first introduced to Uganda in the late 19th century during the colonial era, The British administration actively promoted coffee production and exports, leading to a rapid expansion of the industry in the early 20th century <sup>4</sup> . After Uganda's independence in 1962, the government continued to support the coffee sector, though the industry faced challenges during periods of political and economic instability in the 1970s and 1980s

In the 1990s, Uganda implemented market liberalization reforms, which led to the privatization of the coffee marketing and export system, allowing for greater participation of private sector players. This shift in the industry's structure was a significant turning point, as it opened up new opportunities for farmers, processors, and exporters .<sup>5</sup>

Since the early 2000s, the Ugandan government has prioritized the development of the coffee industry through various policies, programs, and initiatives <sup>6</sup> . These efforts have contributed to the steady growth of the industry, with Uganda becoming one of the largest coffee producers and exporters in Africa.

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<sup>4</sup> Lambrecht, I. (2015). The Role of Coffee in the Livelihood Strategies of Smallholder Farmers in Uganda. *African Journal of Agricultural and Resource Economics*, 10(4), 315-330

<sup>5</sup> Baffes, J. (2006). Restructuring Uganda's Coffee Industry: Why Going Back to Basics Matters. *Development Policy Review*, 24(4), 413-436. <https://doi.org/10.1111/j.1467-7679.2006.00332.x>

<sup>6</sup> UCDA (2022). Uganda Coffee Development Authority Annual Report 2021/2022. Uganda Coffee Development Authority.

The legal and regulatory framework governing the coffee industry in Uganda has also evolved alongside the industry's development. In 1991, the government enacted the Coffee Marketing Board Statute, which established the Uganda Coffee Marketing Board (UCMB) as the regulatory body for the industry. This marked a significant shift towards a more structured legal framework for the coffee sector.

The National Coffee Act is the primary law that currently regulates the coffee industry in Uganda. This Act established the Uganda Coffee Development Authority (UCDA) as the regulatory body responsible for the development and promotion of the coffee sector.

In addition to the Coffee Act and Regulations, the Ugandan government has also introduced various policies and strategic plans to guide the development of the coffee industry, including the **National Coffee Policy (2013)**, the National Coffee Research and Development Policy (2015), and the National Coffee Roadmap.

This evolving legal and regulatory framework has played a crucial role in shaping the growth and competitiveness of the Ugandan coffee industry, by addressing issues such as quality standards, marketing, research and development, and institutional strengthening.

## **1.2 Statement of the problem**

The coffee industry in Uganda is a cornerstone of the national economy and significant source of employment and foreign exchange earnings, despite all this it faces multifaceted challenges that stymie its potential for growth and global competitiveness. However the legal and regulatory framework governing this industry faces several challenges that hinder its growth.

Despite the existence of a very comprehensive legal framework like the National Coffee Act and regulations as well as various supporting policies, the enforcement and implementation of these laws and regulations remain inadequate as result these gaps and inconsistencies in the legal framework have resulted to a persistent challenge in the growth of the industry, these include,

Limited focus on livelihoods of farmers, the legal framework governing the industry heavily emphasizes quality control and export regulations outline in the coffee regulations and act, while these regulations are so important, they often neglect to address issues like fair pricing in cases where farmers lack bargaining power and receive a smaller share of the overall profits compared to the other players in the industry.<sup>7</sup>

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<sup>7</sup> supra

Issues like the inconsistent enforcement of quality standards and traceability which result in the proliferation of low quality coffee in the market as well as ineffective regulations of coffee marketing and export channels has also been a challenge hence forth leading to unfair trade practices and limited market access for small holder farmers as well as the lack of clear guidelines and incentives so as to adopt a sustainable environmental friendly practices.

This study basically is aimed at conducting a comprehensive analysis of the legal and regulatory landscape of the coffee industry in Uganda by identifying the key challenges and limitations as well as propose recommendations for strengthening the legal and institutional environment to support the sustainable development of the Ugandan coffee industry.

### **1.3 Objective of the study**

#### **1.3.1 General objective**

To conduct a comprehensive analysis of the legal framework governing the coffee industry in Uganda.

#### **1.3.2 Specific objectives**

The specific objectives of the study are,

1. To examine the current state of the regulatory environment of Uganda's coffee industry.
2. To assess the level of compliance with the existing regulations among the stake holders within the industry.
3. To propose recommendations for strengthening the legal and institutional landscape of the coffee industry.

### **1.4 Research Questions**

1. What are the existing laws, regulations, policies and institutional framework within the coffee industry in Uganda?
2. What are the gaps and challenges within the legal landscape that hinder the industry's growth?
3. What recommendations can be made to strengthen the legal and institutional framework so as to enhance the industry's competitiveness?

### **1.5 Significance of the study**

The significance of this study includes,

Identify gaps and challenges within the legal frame work governing the industry, the study provides an analysis of the existing laws, regulations and policies so as to identify gaps.

To provide recommendations for strengthening the legal environment.

### **1.6 Justification of the study**

Opportunity for policy and regulatory reforms, the Uganda government through its road maps has demonstrated a commitment to develop the coffee industry and this can be seen through the various policies implemented, however the effectiveness of these initiatives is heavily dependent on the fundamental legal and regulatory framework. This study provides recommendations to inform policy and regulatory reforms that can support the growth and sustainability of the industry.

The never ending challenges in the industry as regards to the inconsistent enforcement of quality standards and well as the ineffective regulations pose a threat to the industry's growth and addressing these challenges is necessary to improve the industry's growth.

### **1.6 Scope of the study**

#### **1.6.1 Temporal Scope**

This research focuses on developments within the last two decades that is 2004-2024, by capturing the most relevant trends as regards to the challenges and opportunities that shape Uganda's coffee industry

#### **1.6.2 Geographical Scope**

The geographical scope of this study on the analysis of the legal framework for the coffee industry in Uganda is focused on the entire country of Uganda.

#### **1.6.3 Subject/Thematic Scope**

The study is structured around several core themes that include,

Summary of the legal and Regulatory Framework, through the identification and examination of the existing laws, regulations and policies as well as the institutional frameworks that govern the coffee industry in Uganda.

Policy and Regulatory Recommendations, Development of evidence-based recommendations for strengthening the legal and regulatory environment to support the sustainable development and competitiveness of the Ugandan coffee industry.

Stakeholder Perspectives: Integrating insights from various industry participants to capture a holistic view of the industry's challenges and opportunities.

## **1.7 Limitations**

The study's analysis depended on the accessibility of the full texts of relevant laws and regulations as well as policies within the industry and obtaining up to date versions of these posed a challenge since they weren't readily available in the public domain.

## **1.8 Literature review**

### **Introduction**

This segment comprises of existing literature on the legal framework of the coffee industry in Uganda, though the legal and regulatory framework for the coffee industry in Uganda has been the subject of limited academic and policy research. This review examined existing research on the topic, highlighting key themes and areas for further exploration.

### **Coffee laws and regulations**

**Mukwaya**<sup>8</sup> in his analysis of the legal and regulatory framework governing the coffee industry in Uganda provides a comprehensive analysis in which he examines the key laws and regulations in the industry with a main focus on the UCDA act which was further amended in 2021 to the the national coffee act as well as other supporting regulations.

One key aspect of his work is the detailed examination of the roles of the Uganda Coffee Development Authority (UCDA) which is the primary regulatory body in the coffee industry. The author further outlines the authorities' mandate which includes the enforcement of quality standards, facilitation of marketing and exports as well as the provisions of extension of services to farmers.

Furthermore his study delves deep into the specific legal provisions that relate to various aspects within the industry, these provisions include licensing requirements, marketing and export regulations as well as traceability mechanisms. The author's analysis further highlights the importance of these provisions in ensuring the proper functioning and development of the sector

The author also emphasizes the challenges that are persistent as well as the limitations within the legal framework such as enforcement of quality standards, traceability and the author further argues that despite these legal provisions, the enforcement of coffee quality standards

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<sup>8</sup> Mukwaya's (2019) research paper, "The Legal and Regulatory Framework for the Coffee Industry in Uganda," published in the East African Law Journal

and traceability mechanisms remain inadequate resulting to the proliferation of low quality coffee in the market.

The study further suggests that as much as legal provisions exist, the legal framework has not been very effective in addressing the unfair trade practices as well as ensuring fair market access to small holder farmers for them to attain premium prices. The study further underscores the challenges related to the institutional capacity and the cooperation within the various government agencies responsible for enforcing the legal framework for the coffee industry in Uganda.

As much as this study provides a comprehensive analysis of the legal and regulatory framework, the study could also examine how this framework is aligned and influenced by the wider agricultural and trade policies within Uganda.

The author's analysis could also be strengthened by incorporating the views and experiences of a broader range of stakeholders to include, smallholder farmers, middle men, processors, exporters, industry associations as well as casual laborers so as to gain a more holistic understanding of the impact of the legal framework in the industry.

### **Climate Change Effects on Ugandan Coffee Industry**

**Jassogne, Läderach, & Van Asten**<sup>9</sup> in their study conducted in the Rwenzori Mountains clarify on the potential implications of climate change as regards to coffee cultivation in Uganda mainly focusing on Arabica coffee production in the high altitude areas. The study explores the challenges faced by farmers by identifying adaptation strategies so as to mitigate the adverse effects of climate change on coffee production as well as giving us key insights into the vulnerability of Uganda's coffee industry to climate change.

The authors further provide that coffee is a significant cash crop in Uganda contributing to 20-30% of the country's foreign exchange earnings with very many small holder farmers with an average farm size ranging from 0.5 to 2.5 hectares producing 90% of Uganda's coffee. The study identified that climate change poses a threat to the livelihood of these farmers making them vulnerable.

The study depicts the suitability of Arabica coffee in Uganda by projecting areas suitable for its growth in 2030 and 2050. These are the coffee catchment areas and it revealed a drastic

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<sup>9</sup> Jassogne, Läderach, & Van Asten (2013) the impact of climate change on coffee in Uganda

reduction in areas suitable for growing Arabica coffee in the future with estimations of annual production losses reaching tens of millions of Us dollars.

Furthermore the study identified that Kaseses reported longer droughts, erratic rainfall patterns and shorter rainy seasons as a result these climate changes negatively affected coffee production at various stages as a result leading to reduced yields and additionally, pests and diseases such as leaf miners ,leaf rust and coffee berry borers were observed to be increasing hence affecting coffee cultivation.

It was also established in the study that Kasese adopted a strategy of adding shade in their coffee systems so as to mitigate the effects of climate change. These shade trees can reduce temperatures in the coffee canopy the end result providing short term benefits such as additional food and income, though it should be noted that the competition among different plants for resources needs to be managed effectively through good organic practices.

This study goes on to identify that the focus on immediate gains from farmers through short term benefits adaptation strategies limits implementation of long term sustainable practices that could benefit farmers in the future. The study further indicates that most farmers don't have enough capital to reinvest in their coffee production and this comes as a result of minimal investments in inputs like fertilizers. This lack of investment hinders the adaptation of technologies that could enhance productivity as well as resilience in the face of climate change.

While this study offers a comprehensive understanding of the biophysical and socio economic impacts of climate change on the Ugandan coffee industry, there is an existing gap for further research as regards to the legal and regulatory framework governing the sector since this also influences the industry's resilience. To be specific, an analysis of the relevant laws and regulations of the coffee industry could provide valuable insights into the extent to which the legal environment incorporates provisions for climate change adaptations and additionally, the study on the institutional capacity and coordination among government agencies responsible for administering and enforcing the legal frame work could also shade light on the ability of the industry to effectively respond to the challenges posed by climate change.

In conclusion, by incorporating an examination of the legal and regulatory frame work, future research can be built on the foundation of this research by offering a more holistic understanding of the challenges and opportunities the industry faces. Not only focusing on the challenges of the climate but also the missing gaps in the regulatory framework. This holistic

understanding, will subsequently inform the development of more effective policies and regulations leading to a resilient and sustainable sector,

### **Financing Challenges**

**Micheal mugisha and Tonny kukeera**<sup>10</sup>, in their policy paper provide that Uganda's coffee industry hailed as the “**Sleeping Giant**” holds an immense potential for economic growth, poverty alleviation as well as a sustainable development. The study provides that with over 1 million small holder farmers relying on coffee cultivation for a living, this sector plays an immense role in the agricultural scope of Uganda but despite its significant contribution to the economy, the industry faces challenges that are systematic and these hinder its full potential.

The study further shows room for growth in the sector since the sector has shown the potential to absorb increased production without depressing local prices and this has come as a result of the government's ambitious coffee roadmap that aims to significantly increase production and exports by 2030 requiring substantial investment and strategic approaches.

The study further identified that before the liberalization policies of the 1990s, Uganda's coffee sector was monopolized by the government through the **Coffee Marketing Board** (CMB) that controlled the pricing, export regulations as well as marketing activities. This liberalization led to the emergence of **Rural Producer Organizations** (RPOs) and cooperatives that provide farmers with more autonomy in the market but however challenges such as accountability and the presence of middle men in the value addition chain still exist.

The study predominantly focuses on challenges faced by smallholder farmers in accessing finance and improving productivity in the coffee sector and it neglects to give a detailed examination of the role of regulatory innovations in the existing legal framework. A more in depth analysis of the regulatory framework would definitely enhance the discussions

In conclusion, so as much as there is a need to increase production and exports by 2030, there is a need to focus more on the consumption of coffee at home than the exporting yes Uganda is primarily a tea-taking country but domestic consumption would greatly improve the wellbeing's of farmers since the farmers would be getting a premium price for their products, hence the study would have also focused on the limitations that result to low consumption of coffee at home, coffee being well known to be consumed in various forms from the cup to

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<sup>10</sup> Mugisha, M., & Kukeera, T. (2022). Uganda's Coffee Sector: The Sleeping Giant? Can Financing Smallholder Farmers Unleash its Potential

sweets and various skin products, the study's focus on just financing challenges was limited and it would have looked on this aspect as well.

## **1.9 Research Methodology**

### **Introduction**

This part shows the framework within which the data was collected and further analyzed to achieve the intended objectives stated for the study. It also intimates on the area of study, the research design, and lastly the techniques used in data collection.

### **Area of Study**

The research is mainly carried out in Uganda looking at the existing laws and regulations as regards to the coffee industry.

### **Research design**

The researcher used multiple sources of data in collecting and analyzing the data which included the use of textbooks, articles, working papers, journals, the internet, statutes, and guidance from case law and legal principles. The cited sources used in data collection are both from Uganda and other jurisdictions hence arriving at the overall picture created by the study

### **Data collection and analysis**

The researcher obtained his data through qualitative data collection. The data was obtained from published and unpublished books, reports, journals, and other materials that were relevant to the study.

## **1.10 Chapter synopsis**

The study is structured into four major facets which are meant to guide the reader on how to

Comprehend the essence of this research systematically and these include,

**Chapter 1**, covers the general background which gives a brief introduction and background to the study, it goes on to describe the problem it intends to solve through the statement of the problem.

**Chapter 2** covers the Non-Legal Aspects of the Coffee Industry in Uganda, focusing on the types of coffee grown, the value addition chain, importance and challenges facing the industry.

**Chapter 3**, explores the comprehensive legal framework that governs the coffee industry, assessing its structure from an international, regional, and domestic standpoint.

**Chapter 4**, encompasses a summary of the findings in this study, the conclusions or deductions arrived at and suggests recommendations that are aimed at addressing lacunas identified along the full length of the study

## CHAPTER TWO

### Non-Legal Aspects of the Coffee Industry in Uganda

#### 2.0 Introduction

This chapter mainly focuses on the types of coffee grown in Uganda, the value addition chain, importance and challenges facing the coffee industry.

#### 2.1 The types of Coffee Grown in Uganda

Uganda is a notable coffee-producing country with its production largely based on two main types of coffee, **Robusta coffee**<sup>11</sup> (coffee canephora) which is indigenous to the Ugandan ecosystem is grown in low-altitude areas, particularly thrives in the Lake Victoria Crescent, central and western regions of the country. **Arabica coffee**<sup>12</sup>, on the other hand, is predominantly grown in the highland areas of Mount Elgon in the east and the Rwenzori Mountains in the southwest at altitudes from 1,600 to 2,300 meters

The cultivation of these types varies considerably, with Robusta trees being generally more hardy and resistant to diseases compared to the more delicate Arabica trees which produce beans with a smoother taste profile. The preference for Robusta in many Ugandan farms is attributed to its resilience and lower altitude requirements, making it a staple in the local coffee industry.

**Specialty coffee**<sup>13</sup>, as defined by the Specialty Coffee Association (SCA), specialty coffees are those with a score of 80 (cup taste) or above based on several different attributes. For coffee to qualify to be called specialty, the coffee beans or cherries are tested extensively for their aroma, flavor, acidity levels and more. Specialty coffee known for its unique quality, represents a significant opportunity for the sector since it fetches premium prices in the market. Uganda is notably known for specialty coffee growing .by focusing on the cup quality to quantity as regards to commodity coffee, the country can enhance its position in the global specialty coffee market appealing to consumers who are willing to pay a premium for these exceptional flavors.

#### 2.2 The Value Addition Chain In Uganda's Coffee Industry.

The value-addition chain for Uganda's coffee industry begins with significant research and development, which is crucial for sustaining crop health and enhancing yield. Research institutions like the National Coffee Research Institute (**NaCORI**) focus on developing disease-resistant and high-yield coffee varieties. the value addition involves activities that add

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<sup>11</sup> Robusta coffee handbook. Uganda coffee Development authority page 4

<sup>12</sup> Arabica coffee handbook. Uganda Coffee Development authority page 4

<sup>13</sup> Specialty coffee association <https://sca.coffee/>

value to the coffee products prior to sale on the market. Value addition starts with the selective picking and harvesting, wet pulping of the cherries, hulling of the dry parchment and grading the clean coffee known as Fair Average Quality (FAQ) before sale.

The processing of coffee in Uganda involves several sophisticated stages that utilize specific equipment and techniques to ensure the quality and flavor of the coffee, the processing of the types of coffee grown in Uganda differs, Arabica is processed through the wet or washed also known as the honey method of processing and on the other hand Robusta is processed using the dry method, the processing can be seen below,

**Arabica Processing,** Arabica coffee is primarily processed using the wet (or washed) method due to its ability to enhance the intrinsic acidic and flavor qualities of the beans. The steps involve, Pulping where freshly harvested cherries being pulped to remove the outer skin, and Fermentation where the mucilage-coated beans are then fermented to break down the mucilage then Washing that comes after fermentation, in this case, the beans are thoroughly washed with clean water to remove any remaining mucilage and finally drying the clean beans which are sun dried on raised beds or drying patios.<sup>14</sup>

**Robusta Processing** Robusta coffee is often processed using the dry (or natural) method, which involves less equipment and is more water efficient, the first step is drying the cherries which are spread out in the sun to dry, typically on large surfaces, secondly turning the cherries regularly to ensure even drying and finally Hulling once the cherries are dried to an optimal moisture content, to remove the dried outer layer.<sup>15</sup>

Once the cherries have been dried, the first step in the processing is Hulling, the dried cherries are taken to hulling machines, this includes machines such as the **John Gordon** highly recommended in the industry, these systems are designed to minimize damage to the machines and they remove the husks.

After hulling, the coffee beans are to be packed in clean sisal/ jute gunny bags and polythene bags are prohibited by UCDA. The purpose of this is that coffee that has been dried and processed can still grow molds leading to musty flavors. Coffee beans are later taken to **grading machines**, these machines sort the bean sized based on weight respectively **screen 1800, 1200 and 1100**. Before grading a sample is first obtained to determine the moisture

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<sup>14</sup> Helena Coffee. (2022a). Arabica Coffee Processing. Retrieved from <https://www.helenacoffee.vn/arabica-coffee-processing/> accessed on 9<sup>th</sup> may

<sup>15</sup> supra

content, screen size of the beans and quantity of defects. The moisture content is measured using moisture meters. the moisture content within the confines of the agreed standards and coffee law is **13-14% at primary level and 11-12% at export level**. Moisture is one of the single factors that can spoil the coffee grade substantially.

After Grading, the beans are taken for color sorting, color sorting machines use optical sensors to detect and separate beans by color and appearance and this step ensures that only beans with uniformity and quality proceed to roasting.

Finally Roasting, this is the final step in the processing, roasting transforms green coffee beans into aromatic brown beans used in brewing. The roasters range from small batch artisanal to large industrial machines. The process involves the careful heating of the beans to specific temperatures to achieve desired flavors.

### **2.3 Coffee Grading and Moisture Content**

Coffee grading in Uganda is primarily based on the size, weight, and defect count of the beans. The Uganda Coffee Development Authority (UCDA) oversees the grading to ensure quality standards are met for export. Over 95 % of the total annual coffee production is exported as green beans. Secondary processing also known as export grading transforms the clean coffee (FAQ) into the various coffee grades that meet the international standards. The process involves cleaning the FAQ, and drying the coffee if wet (M.C over 13 %) followed by size grading using perforated screens of the desired size. The sorted beans are gravimetrically sorted to have uniform specific density before bagging off and loaded into containers for transportation to the ports.<sup>16</sup>

Currently, there are about 19 active export grading factories, four of these are located in the Bugisu region, one is located in Mbarara town in the Western region and the rest are in Kampala.

### **2.4 Importance of Coffee to Uganda**

Coffee is one of Uganda's most valuable agricultural exports, playing a crucial role in the country's economy. It provides a livelihood for millions of households and significantly contributes to foreign exchange earnings. The coffee industry also stimulates the development of rural areas, supporting numerous smallholder farmers and associated industries.

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<sup>16</sup> Uganda coffee development authority ( Secondary processing ) <https://ugandacoffee.go.ug/secondary-processing> viewed on 9th may

#### **2.4.1 Health Benefits of Drinking Coffee**

Improves overall health, an analysis of nearly 220 studies on coffee, published in the **British medical journal in 2017**,<sup>17</sup> found that coffee drinkers may enjoy more overall health benefits than people who don't drink coffee. The analysis found that during the study period, coffee drinkers were 17 percent less likely to die of heart disease and 18 percent less likely to develop cancer than those who don't drink coffee

Protects against type 2 diabetes, a 2014 study by Harvard researchers published in the journal **Diabetological** tracked nearly 1240000 people for 16 -20 years. Those who increased their coffee intake by more than a cup a day over a four year period had an 11 percent lower risk of developing type 2 diabetes.

Promotes heart health, in 2013, the journal *Epidemiology and Prevention* published a review of studies analyzing the correlation between coffee consumption and cardiovascular disease. Data from 36 different studies showed that people who drink three to five cups of coffee per day had a lower risk of heart disease than those who drink no coffee or more than five cups per day. While the reason is unclear, one possibility is that coffee helps improve blood vessels control over blood flow and blood pressure.

#### **2.4.2 Economic Contributions and social impact**

Coffee is the second most traded tropical commodity in the world after oil. Coffee is Uganda's major cash crop both in terms of foreign exchange earnings and employment creation. As a producer of coffee, Uganda Ranks second in Africa after Ethiopia. Coffee as a commodity has continued to play a leading role in the economy of Uganda contributing between 20-39% of the foreign exchange earnings, despite the vigorous efforts by government to diversify the economy, coffee is grown by 1.7 million households in addition to the industry employing over 5 million people through the coffee value chain related activities.<sup>18</sup>

#### **2.4.3 Environmental Impact**

The shade grown coffee systems particularly those for Arabica help preserve native forests and provide habitats to wildlife further contributing to carbon sequestration and ecological balance this further shows how the coffee sector plays a significant role in Uganda's environmental landscape<sup>19</sup>.

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<sup>17</sup> Robin Poole, Oliver J Kennedy, Paul Roderick, Jonathan A Fallow field , Peter C Hayes Julie Parkes. Coffee consumption and health: Umbrella review of Meta analyses of multiple health outcomes.

<sup>18</sup> Beancraft Coffee, Uganda's Coffee History and Growth, <https://beancraft.coffee/blogs/news/uganda-s-coffee-history-and-growth>

<sup>19</sup> supra

## 2.5 Challenges Facing Uganda's Coffee Industry

Uganda's coffee industry, despite being a cornerstone for economic growth faces several challenges that limit its growth and these include,

The pervasive corruption is at the heart of these challenges and this is exemplified by high cases such as the ongoing saga between the consortium boss **Nelson Tugume** which has cast a shadow over the industry's integrity and operational transparency. Such instances of corruption not only undermine trust among stakeholders but also deter investment and innovation critical for the sector's advancement.

Price volatility, coffee prices are determined by buying and selling contracts on the coffee commodity market which sets the C price for Arabica coffee, The unpredictable nature of price fluctuations makes it challenging for roasters to effectively manage their risks and plan their business operations, especially as they scale up their operations hence this being a challenge in the industry.<sup>20</sup>

Growing coffee on deforested lands, in December 2022, the European Union parliament passed a resolution barring products that are cultivated from deforestation zones from entering their market.<sup>21</sup> Apparently, Ugandan coffee is affected and the European Union consumes 60 percent of the coffee grown in Uganda. This also becomes a challenge in the growth of the industry since market access to our coffee is limited by these restrictions.

Corruption in government agencies, as a result of the noncompliance, government agents meant to effect compliance are corrupt and this makes noncompliance a norm in the industry. In the industry it's a norm during the season when government agents come to collect their bribes regardless of people participating and fulfilling their obligations this has also hindered the growth of the industry in such a way that average coffee is produced.

Diseases and pests severally affect the health of the coffee plants leading to quality deterioration, quantity loss and eventually reduced economic return to the farmer. These pests include coffee stem borers, Antesia bugs, Coffee berry Borer, Coffee mealybugs and coffee lace bugs. The minor Arabica coffee pests include the coffee leaf mibers, coffee leaf

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<sup>20</sup> Yoong, K. (2021). How does coffee price volatility affect roasters?. MTPak Coffee.  
<https://mtpak.coffee/2021/10/how-coffee-price-volatility-affect-roasters/>

<sup>21</sup> <https://parliamentwatch.ug/news-amp-updates/looming-ban-on-ugandan-coffee-in-europe-raises-questions-in-parliament/> accessed 2 may

skeletonisers, these pests have been a challenge in the industry since they reduce quality and quantity.

Limited Domestic Consumption, While Uganda is a large producer of coffee it's primarily a tea-taking country hence domestic consumption remains low compared to production levels, limiting market diversification. This comes as a result of stereotypes associated within communities, such stereotypes include that coffee makes women barren as well as sexually making them dry (vaginal dryness), this results from low consumption thus affecting the growth of the industry

Poor infrastructure and logistical challenges also hamper the efficient transport and export of coffee, affecting the industry's overall profitability.

Access to Markets Small-scale farmers often struggle with access to lucrative markets and are frequently at a disadvantage when it comes to negotiating prices, **Andrew Rugasira** proprietor of Good African Coffee in one of his speeches brought out this aspect when he mentioned that it took him 14 trips to the united kingdom for his product to be accepted in their supermarkets, this clearly shows that access to markets hinders the growth of the industry<sup>22</sup>.

## **2.6 Conclusion**

Uganda's coffee industry which primarily produces Arabica and Robusta remains heavily reliant on exporting raw materials and this has greatly affected the consumption of coffee products at home, the sector also faces other challenges as seen above.

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<sup>22</sup> Andrew Rugasira made a case for trade not aid <https://youtu.be/kbY45o6PF0s?si=i1jEdp5E4-oz2rLw>

## CHAPTER THREE

### Legal Framework Governing the Coffee Industry

#### 3.0 Introduction

This chapter explores the comprehensive legal framework that governs the coffee industry, assessing its structure from an international, regional, and domestic standpoint. The analysis aims to identify synergies and conflicts within these frameworks and suggest how legal reforms could bolster the coffee industry in Uganda.

#### 3.1 International Legal Framework

##### 3.1.1 International Coffee Organization (ICO)

According to the information on the Devex website, the International Coffee Organization (ICO) is the main intergovernmental organization for coffee, bringing together exporting and importing Governments to tackle the challenges facing the world coffee sector through international cooperation. Its Member Governments represent 98% of world coffee production and 83% of world consumption<sup>23</sup>. The main roles of the ICO include,

Market stability and prices, the international coffee agreement aims to maintain a sustainable coffee sector through encouraging cooperation between members so as to enhance market stability as well as seeking ways to improve the conditions of coffee trade for the betterment of all stake holders.<sup>24</sup>

Furthermore the ICO provides wealth of data and research as well as analysis on the market trends in the industry as well as other relevant market information, this further helps stakeholders to make informed decisions based on reliable data.

It further facilitates implementation of various projects that are aimed at improving coffee production, enhancing quality and increasing the marketability of coffee from member countries. These projects often focus on agricultural practices, climate change mitigation and diversification.

The ICO also promotes and facilitates the development of different standards that are international so as to ensure high quality and improve consumer confidence in the coffee products worldwide.<sup>25</sup>

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<sup>23</sup> International Coffee Organization (ICO)' (Devex) <https://www.devex.com/organizations/international-coffee-organization-ico-25288> accessed 2 May 2024.

<sup>24</sup> Guinn, C and Thomas S (2013), *Brewing justice; Fair Trade Coffee, sustainability and survival*, University of California Press, USA

<sup>25</sup> *ibid*

The ICO also is a platform for discussing international coffee policies and advocating for the interests of different coffee producers particularly in developing countries like Uganda and on the global stage.

### **3.1.2 International Coffee Agreement (ICA)**

The International Coffee Agreement is the legal instrument under which the ICO operates. It has been revised several times since its first agreement in 1962, with each revision reflecting the changing dynamics of the global coffee market<sup>26</sup>. **Article 1 of the International Coffee Agreement** clearly stipulates the roles of the ICA and these include,

Historically, one of the key functions of the ICA was to regulate coffee export quotas so as to stabilize global coffee prices, although this system was later abolished in 1989, the ICA still plays this role in regulating export quotas.

The ICA also has a duty in promoting fair trade practices, the ICA does this with the aim of creating a more equitable and sustainable market environment for coffee producers particularly in developing countries.<sup>27</sup>

This agreement further provides a forum for dialogue and collaboration between coffee producing and consuming countries, this is crucial in addressing issues like price volatility, trade barriers as well as developmental challenges.<sup>28</sup>

The ICO and ICA respectively contribute to a unified approach to coffee governance by addressing issues like market access and economic disparity among coffee producing countries.

### **3.1.3 World Trade Organization (WTO) Agreements**

The WTO agreements focusing mainly on the Agreement on Agriculture (AOA) and the Technical Barriers to Trade (TBT) basically regulate trade tariffs, subsidies and export quotas. These agreements also set standards that affect the export capabilities as well as access markets to Ugandan Coffee.

Both the Technical Barriers to trade and the Agreement on Agriculture aim to enhance the performance of agricultural products by removing barriers hence facilitating the development of trade of these agricultural products and this includes coffee as a product. The Agreement on Agriculture (AoA) is a World Trade Organization (WTO) treaty that aims to reduce agricultural

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<sup>26</sup> International Coffee Agreement (ICA).<https://www.ico.org/documents/cy2021-22/dn-1-22e-ica-2022.pdf>

<sup>27</sup>Masengu, Reason( 2017)- The Role of The International Coffee Agreement (ICA) in Promoting Fair Trade of Coffee for Small-Scale Farmers in Manicaland, Zimbabwe

<sup>28</sup> ibid

support and subsidies given to domestic producers. It was negotiated during the Uruguay Round of trade talks and came into effect in 1995.<sup>29</sup>

### **3.1.4 Fair Trade and Organic Certifications**

The basic rationale behind certification for growing is that consumers are willing to pay more (a premium) for coffee that is of a higher quality standard or is farmed using more sustainable practices<sup>30</sup>

**Fair Trade Certification,** The Fair Trade mark gives assurance to retailers and consumers that Fairtrade producers in the developing world are getting a fair deal for their work.

Fairtrade certification overseen by **Flo-cert** also ensures adherence to strict social standards that foster healthy working conditions and prohibit child labor. Their environmental standards ensure that natural ecosystems are not degraded and that cultivated land is used sustainably.

Flo-cert is an international certification company that is owned by Fairtrade International but independently optional.<sup>31</sup>

Fair Trade is a globally recognized label that certifies products meeting specific social, economic, and environmental criteria. The certification is especially significant in the coffee sector for several reasons, the following below are the opportunities and challenges of fair trade certification and these include,

#### **Opportunities**

Benefits of marketing / awareness campaigns carried out by Fairtrade international

If assessors decide that standards are no longer being met, producers are given the support and time to enable them to rectify the problems

Producers receive at least the Fairtrade minimum price and additionally the Fairtrade premium. The premium is an additional amount that is utilized to improve living conditions following guidelines set out by Fairtrade standard. Producers can apply for financial assistance to cover fees of inspection and the audit from the producer certification fund, many groups also receive assistance in paying certification fees from commercial partners or from NGOS<sup>32</sup>

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<sup>29</sup>World Trade Organization Agriculture [Online]. Available at: [https://www.wto.org/english/tratop\\_e/agric\\_e/agric\\_e.htm](https://www.wto.org/english/tratop_e/agric_e/agric_e.htm) accessed 2 may 2024

<sup>30</sup> Fairtrade International. (n.d.). Fairtrade mark. Retrieved May 2, 2024, from <https://www.fairtrade.net/about/fairtrade-certification>

<sup>31</sup> UCDA. (2019). Fairtrade certification and standards. In UCDA Handbook (pp. 125-127). Uganda Coffee Development Authority.

<sup>32</sup> Ibid

## Challenges

All actors in the chain must be certified. Therefore producers must find out if there are Fairtrade buyers willing to buy their coffee in the countries they want to target. Simply getting certified themselves doesn't guarantee that they will be able to sell their product on fair trade terms to the desired consumers.

Continuous improvements by producers is required.

Small holders must be organized into a cooperative with more than 15 members. This is a barrier for isolated farmers or farmers located where the governance structures/ skills are not present for farmers to form cooperatives.

Flo Cert Focuses on small scale farms even though Large scale coffee estates are influential in promoting ethical supply chains

The application process is expensive, costing about £500 plus the cost of the visit.

Producer Support and Fair Prices, Fair Trade certification ensures that coffee producers, often in developing countries, receive a minimum price for their coffee beans, which aims to cover the costs of sustainable production and living. This price includes a premium that must be used for social, economic, or environmental projects chosen by the community.<sup>33</sup>

**Organic Certification** This is a sustainable agriculture system that produces coffee in harmony with nature, supports biodiversity and enhances soil health. The International Federation of Organic Agriculture Movements (IFOAM) provides standards that is considered good baseline for organic producers.<sup>34</sup>

The opportunities and challenges for the organic certification include,

## Opportunities

Accounts for organic coffee sales up to about 29%

Opportunities are particularly strong in more developed countries (specifically the US, Canada, EU Russia and Japan) where a good premium is attached. Average price differential paid to producers from USDA certified produce was US\$0.255 per pound Where the cooperative is

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<sup>33</sup> Arabica Coffee Handbook page 119

<sup>34</sup> UCDA. (2019). Organic coffee production. In UCDA Handbook (pp. 130-132). Uganda Coffee Development Authority.

sizable then producers must develop an internal Control system ICS where the group demonstrates through training and internal inspection that the organic standards are met.

## **Challenges**

Organic certification only focuses on small scale farms even though large scale coffee estates are influential in promoting ethical supply chains

Small holders must be organized into a cooperative with more than 15 members. This is a barrier for isolated farmers or farmers located where the governance structures /skills are not resented for farmers to form cooperatives.

Many small firms are organic by necessity because they cannot afford chemical inputs, however they also cannot afford to pay for certification and therefore cannot achieve the price premiums as well Annual re certification is required.<sup>35</sup>

## **3.2 Regional Legal Framework**

### **3.2.1 East African Community (EAC) and COMESA**

The Regional Economic Communities (**RECs**) are regional groupings of African states and are the pillars of the AU. All were formed prior to the launch of the AU and have developed individually and have differing roles and structures. The purpose of the RECs like **EAC** and **COMESA** is to facilitate regional economic integration between members of the individual regions and through the wider African Economic Community (AEC), which was established under the Abuja Treaty (1991). This Treaty, which has been in operation since 1994, ultimately seeks to create an African Common Market using the RECs as building blocks. These organizations significantly influence the agricultural sector including coffee by creating common markets, reducing trade barriers and promoting economic cooperation.<sup>36</sup>

Below is an analysis of the East African Community and COMESA,

#### **3.2.1.1 East African Community (EAC)**

The East African Community (EAC) was initiated in 1999 as the regional inter-governmental organisation of the five East African countries. Article 5 of the Treaty for the Establishment of the East African Community states that the objectives of the community shall be “to develop policies and programmes aimed at widening and deepening co-operation among the Partner

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<sup>35</sup> International Federation of Organic Agriculture Movements (IFOAM). IFOAM - Organics International [Online]. Available at: <https://www.ifoam.bio/> accessed 2 may 2024

<sup>36</sup> Ndebe, Joseph. "Regional Economic Communities (RECs)." African Union, 2022, <https://au.int/en/organs/recs>

States in political, economic, social and cultural fields, research and technology, defence, security and legal and judicial affairs, for their mutual benefit". The EAC countries established a Customs Union in 2005 and a Common Market in 2010. EAC aims to create a monetary union as the next step in integration and ultimately become a political federation of East African states.

The EAC further aims to establish a common external tariff in the region so as to make it easy to trade goods like coffee within the region across borders, as a result this reduces the cost and complexity of exporting coffee within the region.

Furthermore the EAC invests in regional infrastructure projects that improve transportation networks among member states making movement of goods like coffee easy as a result reducing the cost of transportation and improve competitiveness. The EAC also encourages value addition in the production of coffee and this not only increases the value of exports but also creates jobs and develops local economies.

### **3.2.1.2 Common Market for Eastern and Southern Africa (COMESA)**

The Common Market for Eastern and Southern Africa (COMESA) was established in 1993 by the COMESA Treaty, which has the primary purpose of creating a free trade region. Article 3 of the Treaty provides that the aims and objectives of COMESA are to: attain sustainable growth and development of Member States; promote joint development in all fields of economic activity; cooperate in the creation of an enabling environment for foreign, cross-border and domestic investment; promote peace, security and stability among the Member States; and cooperate in strengthening relations between the Common Market and the rest of the world. COMESA influence on the coffee industry is significant through,

**Free Trade Area**, The FTA was achieved on 31st October 2000 when nine of the member States namely Djibouti, Kenya, Madagascar, Malawi, Mauritius, Sudan, Zambia, and Zimbabwe eliminated their tariffs on COMESA originating products, following the tariff reduction schedule adopted in 1992. This followed a trade liberalization programme that commenced in 1984 on the reduction and eventual elimination of tariff and non-tariff barriers to intra-regional trade. Burundi and Rwanda joined the FTA on 1st January 2004. COMESA operates a Free Trade Area, which allows member states to trade with each other without facing tariffs<sup>37</sup>.

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<sup>37</sup> COMESA. A Free Trade Area. COMESA. Retrieved from <https://www.comesa.int/a-free-trade-area/> accessed on 4<sup>th</sup> may 2024

The COMESA also creates a stable economic environment through its economic policy coordination, this stability is efficient to coffee producers who need predictable economic conditions to plan and invest in their operations hence this being a benefit to them.

In conclusion, both the EAC and COMESA play very important roles in facilitating trade and economic integration that are vital for the prosperity of the coffee industry and this helps coffee producers access bigger and larger markets.

### **3.3 Domestic Legal Framework**

#### **3.3.1 Uganda Coffee Development Authority (UCDA)**

The Uganda Coffee Development Authority (UCDA) plays a pivotal role in both regulating and promoting the coffee industry in Uganda. Established in 1991 by the Ugandan government, UCDA's mission <sup>38</sup> Is to facilitate the increase of quality coffee production, improve coffee marketing, and oversee the overall development of the coffee industry in the country, the following below are the regulatory functions of UCDA and include,

Quality Control, UCDA enforces standards for coffee quality to ensure that all coffee exported meets international criteria. This involves regular inspections of coffee at different stages of the value chain from harvesting to processing to export. UCDA's regulatory oversight helps maintain the reputation of Ugandan coffee on the global market, which is crucial for sustaining export volumes and achieving premium prices.

UCDA is also responsible for licensing nurseries, processors and exporters in the coffee industry, by doing this it ensures that all entities involved in the industry adhere to the existing laws and regulations hence streamlining operations across the sector and enhancing traceability and accountability.

UCDA also promotes and facilitates research and this is through its research arm that focuses on improving coffee yields that are disease resistant and climate adaptable, these activities by this arm are crucial for sustaining the industry amid changing environmental conditions and evolving market demands.

UCDA also implements government policies concerning coffee and this is through enforcements and ensuring people abide by the existing regulations in the industry thus promoting sustainable development.

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<sup>38</sup> Uganda Coffee Development Authority. (n.d.). Our mission. <https://ugandacoffee.go.ug/our-mission> accessed on 4th may 2024

### **Promotional Activities**

Marketing and Branding,<sup>39</sup>UCDA actively promotes Ugandan coffee both domestically and internationally. This includes participating in international trade fairs, organizing coffee festivals, and running marketing campaigns that highlight the unique qualities of Ugandan coffee. Recently the UCDA and the Uganda consulate in Guangzhou china show cased Uganda’s specialty coffee these efforts help to increase the visibility of Ugandan coffee and open up new markets.

UCDA also conducts farmer training programs on the best agricultural practices by doing this farmers learn new skills and as a result this increases both the quantity and quality of coffee produced in Uganda.

In conclusion UCDA’s comprehensive approach has significantly contributed to the growth and development of the coffee sector in Uganda and this has been through ensuring high standards of quality, fostering market developments and supporting farmers.

#### **3.3.2 The National Coffee Act 2021**

The purpose of this act is mainly to increase production, improve quality, promote consumption, and protect the interests of coffee farmers.

**section 2 of the National Coffee Act 2021** provides that the purpose of this act is to facilitate the development of a competitive, participatory and sustainable coffee subsector by the National Coffee Policy, 2013 and to provide for the Uganda coffee development authority to regulate, promote and oversee the coffee subsector and to regulate all on farm and off-farm activities in the coffee value chain.

**Section 3 of the National Coffee Act 2021** provides for the establishment of regulatory authority, the act provides that the authority shall be a body corporate with perpetual succession and a seal, and the authority typically has the power to regulate, promote, and develop the coffee sector in alignment with national economic goals.

**Section 4** provides for the objectives of the authority to include, promoting good practices in all activities in the coffee value chain, to regulate on farm and off farm activities in the coffee value chain and to promote research along the coffee value chain processes and products related to coffee

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<sup>39</sup> Uganda Coffee Development Authority. (2024, May 4)  
[https://x.com/UCDA\\_China/status/1783862680173846884](https://x.com/UCDA_China/status/1783862680173846884)

**Section 26(1)** provides that the authority shall register all coffee farmers in the coffee subsector and a person shall be registered as a coffee farmer if he or she is growing coffee at the time of registration. **Section 35** further provides for the power to issue licenses by the authority. This helps in maintaining oversight, ensuring compliance with standards, and facilitating traceability from farm to export.

**Section 38** provides for the types and varieties of coffee and it provides that the authority shall determine and regulate the types and varieties of coffee grown in different parts of the country further **section 39** provides for the promotion of recommended types and varieties of coffee.

**Section 50** provides that the authority shall in coordination with the national agricultural research organization oversee the formulation of the national coffee research and development agenda to guide coffee research

**Section 52** is to the effect that any person who operates an unregistered coffee nursery or coffee seed garden, sells or distributes substandard or diseased planting materials, harvests or is found in possession of immature cherries or strips a coffee trees and deals in coffee for internal marketing without a license or contravention of this act commits an offense and is liable on conviction to a fine not exceeding one hundred currency points or a term of imprisonment not exceeding four years or both hence this section provides penalties to non-compliance.

### **3.3.3 The Coffee Regulations 1994**

These regulations were made on the 14<sup>th</sup> day of November 1994 in the exercise of the powers conferred on the ministry by section 20 of the Uganda Coffee Development Authority Statute 1991 and on recommendations of the board

**Regulation 3** defines a coffee year to mean twelve months ending on the 30<sup>th</sup> day of September, in any year and further defines processing of coffee to mean the production of coffee that has been pulped and cured or coffee that has been hulled and cured and includes production of parchment, lights, triage, rough hulled, green, roasted, ground, decaffeinated, liquid, soluble and graded.

**Regulation 10** provides that no person shall export coffee except under a certificate of registration issued by the authority and any person who contravenes the provisions of sub-registration commits an offense, this clearly shows that the regulation makes the obtaining of a certificate of export mandatory and not abiding by this is an offense in the act.

**Regulation 15** provides that every certificate of registration issued by the authority shall be issued in respect of and shall be valid for only one coffee year and shall not be transferable and may be renewable per these regulations

**Regulation 18** provides for the inspection and quality control, it further provides that every holder for a certificate of registration for the internal marketing of coffee, in respect of processing of coffee or the owning or the operation of a store shall, at all times, during normal working hours, whether with or without prior notice from the authority, permit free entry to inspectors and officers of the authority to carry out such inspection of the processing factory or store as they may require and to conduct such out turn and other tests as they may consider necessary, and shall render all such reasonable assistance as the inspectors or officers may require and under **clause (2)** provides that a person who denies access or blocks inspector or officer of the authority or fails to render any reasonable assistance to an inspecting officer of the authority as is required commits an offence hence this regulation showing the strict compliance to inspection and quality control towards authority officers.

**Regulation 23** of the Coffee Regulations 1994 provides that any coffee for export shall be sold through tender auction or private treaty as the exporter may choose on any of the following terms that include export ware house in Uganda, FOT/FOR processing factory, FOB, Entebbe, FOB, Mombasa or dar- es salaam or any terms that are convenient appropriate

**Regulation 20(6) of the Coffee Regulations 1994** provides for the moisture content to be hulled, many industry participants don't follow this rule because in most cases we see factories that mean premises equipped with machinery operated wholly or partly by mechanical means other than by hand<sup>40</sup> that don't abide by this rule where coffee above the required moisture content is processed hence this becomes a challenge in such a way that it affects the quality of the coffee being processed for export hence affecting the overall industry name since Ugandan coffee is known for its quality hence this being a challenge in the industry.

### **3.3.4 The Occupational Safety and Health Act, 2006 (OSHA)**

This is the most important legislation on the safety and health of workers in Uganda. The Act was passed in 2006 and was part and parcel of several labor law reforms. It was enacted as per the long title to "consolidate, harmonize and update the law relating to occupational safety and health and to repeal the Factories Act, Cap 220.

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<sup>40</sup> Regulation 3 of the coffee regulations, 1994

**Section 13(g) of the Occupational Safety and Health Act 2006** provides that an employer must provide necessary adequate personal protective equipment as far as it is reasonably practicable to prevent the risks of accidents or adverse effects of health.

**Section 19** of the Occupational Safety and Health Act, 2006, an employer shall provide adequate and suitable protective clothing and protective equipment to the workers of his or her undertaking. The above provisions that are sections 13(g) and 19 respectively were articulated in **Nsubuga Tonny vs Spencon Services Company Ltd, HCCS No.13 of 2014**. In context to the research, factories have a duty of care to provide dust masks to their workers to protect them from diseases that may arise from the dust a cause of so many health issues in coffee processing factories.

**Section 18** of the act provides for the employer, in this case, the coffee processing factory owner to monitor and control the release of dangerous substances in the environment, section 18 of the Occupation and Safety Act provides that where there is major handling of chemicals or any dangerous substance which is liable to be airborne, it shall be the duty of the employer to arrange for equipment and apparatus to monitor the air and, soil and water pollution and to arrange the actual monitoring of these mediums with a view of rendering them safe from the dangerous undertaking hence in the context of this paper, coffee processing factories must protect the environment and people surrounding from any dangerous substance and in so doing so by putting adequate measures to prevent the harming of the environment as well as the people surrounding it.

**3.3.5 Kyagalanyi Coffee Limited v Steven Tomusange** <sup>41</sup> , The case involved a dispute between Kyagalanyi Coffee Limited (the appellant) and Steven Tomusange (the respondent) over a **pre-financing agreement**, where the appellant provided funds to the respondent to buy coffee, and the respondent was to repay the loan by delivering coffee instead of cash which he dint, the respondent was indebted to the appellant for at least 80 million shillings for which he issued a bounced cheque as security, this clearly shows that the goodwill a major mode of transaction in the industry is misused hence this being a challenge in the growth of the industry.

### **3.4 Conclusion**

In conclusion , the legal frameworks governing the coffee industry that includes international agreements, regional economic communities and national regulations play a very crucial role

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<sup>41</sup> Kyagalanyi Coffee Limited v Steven Tomusange (Civil Appeal No. 9 of 2001) [2006] UGCA 36 (7 February 2006)

in shaping the industry and my analysis has identified that the legal instruments create a framework for market access and trade fairness but however they often require a stronger enforcement and better alignment with modern trade practices, regional bodies facilitate trade and economic integration but could further streamline processes and eliminate non-tariff barriers that hinder the trade of coffee and lastly national laws provide a comprehensive framework but there are gaps in addressing challenges like price volatility.

## CHAPTER FOUR

### Summary of findings, Conclusion, and Recommendations

#### 4.0 Introduction

As the final chapter in this dissertation, this chapter sums up the findings of the entire research and where applicable suggests recommendations to assuage the challenges raised across the research.

#### 4.1 Summary of Findings

This dissertation has explored various facets of the legal framework of the coffee industry in Uganda the summary of findings can be seen below,

From the findings, Uganda has a well-developed legal and institutional framework for the coffee industry, centered on the Coffee Act, Coffee Regulations, and the Uganda Coffee Development Authority (UCDA) as the primary regulatory body. The legal framework covers various aspects of the coffee value chain, including quality standards, marketing, exports, and institutional arrangements.

It has also been established that there is inconsistent enforcement of Quality Standards, while the legal framework emphasizes the importance of coffee quality standards, the enforcement and implementation of these standards remain inconsistent across the industry as a result it has led proliferation of low-quality coffee in the domestic and international markets, undermining the reputation and competitiveness of Ugandan coffee

From an analysis of the coffee regulations, 1994, and the National Coffee Act, it can be noted that it is not possible to carry out coffee processing without a valid license granted for that purpose under the Act. This in extension limits the participation of small-scale farmers who would have used small-scale machines to add value to their coffee as a result, exploitation of farmers by middlemen hence farmers missing out on the premium prices they would have achieved.

Furthermore, despite Uganda being one of the largest coffee producers globally, domestic consumption in Uganda remains low, from the field findings conducted ,Ugandan coffee players like **Elgon Coffee** need to peak a leaf in their marketing strategy from neighboring players like **Gorilla Coffee** of Rwanda and this can be through the marketing strategies for example gorilla coffee sells 2 grams of roasted coffee per each packaging and this makes the consumption of the coffee easier on the other hand Elgon coffee sells 15 grams of roasted coffee at the same price but with no directions for taking the coffee, this makes it difficult for

domestic consumption in such a way that a tea taking person can't just wake up and make a good cup of coffee without directions hence this has been one of the reasons for the lagging in the domestic consumption in the industry and with working on such technicalities there is substantial potential to grow the domestic market, which could stabilize the industry against global price fluctuations.

From the findings, it was also established that the legal framework lacks robust provisions for the protection of intellectual property rights and other mechanisms that could support product differentiation and branding for Ugandan coffee. This has hindered the industry's ability to capture higher-value market segments and promote the unique qualities of Ugandan coffee.

#### **4.2 Conclusion**

This research paper affirms that the regulations within the coffee industry in Uganda are inadequate to meet the contemporary challenges faced within the sector. This research will contribute to the pool of knowledge regarding the industry and the measures suggested to address this lacuna will be taken into consideration by the respective players in the industry so as to guide policymakers, industry stakeholders, and academic researchers in their ongoing efforts to enhance this vital sector.

#### **4.3 Recommendations**

The government of Uganda should revise the **coffee regulations, of 1994** to align with international standards and address current market and technological conditions. This includes the revision of Quality Standards in the regulations to come up with stricter quality standards based on international benchmarks to facilitate the production of specialty coffee, ensuring that all exported coffee adheres to the highest quality standards as well as strict implementation of labor laws within the coffee sector to ensure fair wages, proper working conditions, and strict enforcement against child labor, with regular audits and penalties for non-compliance.

The government of Uganda should also include provisions in the act that facilitate the protection of intellectual property rights, from patents, copyright and trademarks within the industry. The addition of these provisions specifically for the coffee industry will support different brands in protecting their products as well as product differentiation.

The government should invest in capacity-building and resources for the UCDA and other relevant government agencies to improve their ability to administer and enforce the legal framework. Enhance coordination and information-sharing among the various regulatory bodies to ensure a more coherent and effective implementation of the laws and regulations

The government should also adopt Ethiopian strategies in improving domestic consumption, the government can adopt the **Ethiopian commodity exchange and coffee trading** (ECX) that removes middlemen, the presence of the ECX the first of its kind in Africa has introduced a structured and transparent trading model that facilitates spot and forward contracts essentially increasing farmer participation and improving earning. The roles of the ECX include standardization and grading, warehousing and logistics, market transparency, and traceability. Though this model doesn't establish direct relationships with international buyers and doesn't provide credit facilities but helps producers supply their product in the market <sup>42</sup>

With the government's adoption of the ECX, the government should also encourage more campaigns to increase domestic coffee consumption through awareness programs, coffee festivals, and partnerships with local cafés and restaurants.

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<sup>42</sup> Coffee Consumption and Production in Ethiopia' (UKEssays.com, May 2024)  
<https://www.ukessays.com/essays/economics/coffee-consumption-production-ethiopia-4865.php?vref=1>  
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