BUSITEMA UNIVERSITY
Pursuing Excellence

P.O. Box 236, Tororo, Uganda
Gen: +256 - 45 444 8838
Fax: +256 - 45 4436517
Email: info@adm.busitema.ac.ug

www.busitema.ac.ug

EFFECTS OF LIBERALIZATION ON ARABICA COFFEE MARKETING INSIRONKO DISTRICT, BUDADIRI TOWN COUNCIL.

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PREPARED BY:

NAME: GIMEI EDMOND

EMAIL: gimeiedmond23@gmail.com

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2-D

DECLARATION

I,**Gimei Edmond, Reg No:BU/UP/2017/255** declare that this report is a record of my own apart from external assistance that has been duly acknowledged

This research proposal has never been submitted to any academic institution for award of any academic credential.

Signature: ……………………………………...

Date…17/02/2021……………………………

APPROVAL

This research report has been supervised and is submitted for examination with the approval of the academic Supervisor:

Name: DR. LUBADDE GEOFREY

Signature: ……………………………………………

Date: 22\12\2021 ……………………………………………

ACKNOWLEDGEMNT.

I extend my sincere gratitude to the Almighty God for giving me good health during this period and knowledge for producing this report, the coordinator special project [BUAC] Mrs.Asero Diana&Mr. Anthony Epel.

Special thanks go to my academic supervisor Dr. Lubadde Geofrey for all the guidance provided during the development of this research proposal.

May God bless them All.

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ABSTRACT:

The study was about the Effects of liberalization on Arabica coffee marketing in Budadiri town council, Sironko District. Study objectives included to find out the effects of liberalization on coffee prices in Budadiri town council and to establish the benefits and challenges faced by coffee farmers due to liberalization of the coffee market.. The study employed a cross section design where both qualitative and quantitative approaches were used in data collection process. The study sampled 61 respondents who were Arabica coffee farmers in Budadiri town council. Study findings showed that majority of the farmers sold coffee to a cooperative where they received uniform and high prices but when the coffee market was liberalized, most farmers resorted to sell their coffee to international coffee trading companies for several reasons though these trading companies pay low and non-uniform prices as compared to the coffee cooperative.Basing on the study finding some recommendations were made such as; that farmers should put much emphasis on rebuilding back the coffee cooperative such that they can receive high and uniform prices like it was before liberalization., The cooperative should also build its capital/financial base to be able to pay farmers immediately they deliver their coffee since most of these small scale farmers want money to meet daily requirements and The government through several arms most likely through the ministry of finance should come with maximum and minimum price legislation tool so as to avoid the exaggerations of fall in prices caused by the private trading companies.

1.0 INTRODUCTION:

1.2BACKGROUND

Coffee is one of the historical socioeconomic crops which has received an increasing attention at the global level, due to its positive inter-linkage with the economic growth and on the gross domestic product for most of the producing countries, particularly, developing countries.(Al-Abdulkader, Al-Namazi, AlTurki, Al-Khuraish, and Al-Dakhil, 2018). Internationally, coffee is the second most traded product by value after oil and It is one of the most popular beverages in the world, with an estimated more than 400 billion cups consumed per annum.(Nsibirwa, 2016). It is one of the most traded agricultural commodities in the world and In 2017 alone, 70 per cent of total coffee production was exported, worth USD 19 billion. That same year, the sector had a retail market value of USD 83 billion, providing jobs for 125 million people. Coffee is grown on 12.5 million acres worldwide; of which 67–80 per cent are smallholder farms primarily located in developing countries, including 22 Low Human Development Countries (LHDCs). The largest producing and exporting countries in 2017, irrespective of human development level, were Brazil (USD 4.6 billion), Vietnam (USD 3.5 billion) and Colombia (USD 2.58 billion), while the largest importing countries in 2017 were the United States (USD 6.3 billion), Germany (USD 3.5 billion) and France (USD 2.8 billion)(Voora, Bermúdez and Larrea, 2019)

Africa is the region with the largest number of coffee producing countries: 25 as opposed to 11 in Asia & Oceania, 12 in Mexico & Central America and 8 in South America. Production in Africa has exhibited negative growth over the last 49 years. Average production was 19.4 million bags per crop year in the period between 1965/66 and 1988/89 when the coffee market was regulated under the export quota system. During the period between 1989/90 and 2014/15 under the free market, average production per crop year was 16 million bags, during those two periods, Africa's share of world production has hence decreased from 24.9% to an average of 14% .Production in crop year 2014/15 is around 16.9 million bags, or 12% of the estimated world production of 141.7 million bags and Of this, an estimated 10.4 million bags were expected to be produced by just two countries (Ethiopia and Uganda)(ICO & International Coffee organisation (ICO), 2015)