Govt injects sh9.1b in two tea factories

By Samuel Sanya

Government through the Uganda Development Corporation (UDC), has constructed two tea factories worth sh9.1b in western Uganda as one of its interventions to promote value addition and export revenues.

The factories are part of Government's intervention in key agro industry value chains as identified by the National Export Development Strategy and the 2nd National Development Plan (NDP II).

A statement from the Trade ministry points out that tea is earmarked as one of the priority and strategic commodities in the Agricultural Sector Strategy and Investment Plan (ASSP of 2015/16-2019/20).

The acting executive director of UDC, Emmanuel Mutahunga, Government signed a comprehensive lease financing agreement with Kigezi Highland Tea Ltd to procure, install and commission 450kg/hr capacity production lines, standby power generators, water tanks and green leaf/ product haulage vehicles for both the Kabale and Kisoro factories.

"We procured a contractor to supply, install and operationalise two 450Kg/ hr capacity CTC (Crush, Tear, Curl) tea processing lines at sh5.7b, install and commission electrical works at sh900m, supply and install two 500KVA power generators at 700.6m at both factories," explained Mutahunga.

UDC also provided 14 motor vehicle units for the transportation of the green leaf and processed CTC tea consignments at sh1.8b and two water reserve tanks each with a 24,000 litres holding capacity at 55.9 million. The money will be payable in 10 years at an interest rate of 5%.

Currently, Kabale tea factory has been completed and operational. The general manager of Kigezi Highland Tea Ltd, Jackson Twinamatsiko, says the factory is currently undergoing a trial phase of three months which started in May with the factory operating at an average of eight hours per day.

"On average we receive 12,000 kilograms of green leaf daily with more than 350 farmers from Kabale, Kanungu and surrounding districts supplying the factory," Twinamatsiko explained.

He added that the factory currently employs 75 people directly but when it is fully operational, the number is expected to rise.

All the tea processed at Kabale tea factory is exported to the auction market in Mombasa with the factory exporting 25 metric tonnes per week.

On the other hand, works at the Kisoro tea factory are still ongoing and expected to be completed at the end of this year.

Once fully operational, both factories will produce a combined total of 2,400 metric tonnes of readymade tea per year, generate $4.8m boost in export earnings annually and create a total of 1,800 job opportunities both direct and indirect and work with around 1,560 tea out-grower farmers.

The Kabale municipality commercial officer, Aston Asiimwe, says with the opening of the factory, more farmers have gotten into tea farming.

Uganda currently produces 61,629 metric tonnes of tea annually and 90% of this is exported with export earnings valued at $80.6m.

Global trade in tea stands at an average of around $5b per annum and has been steadily increasing partly due to a change in the beverage consumption habits worldwide.

It should, however, be noted that, out of the annual $5b global tea trade, Uganda in 2016 only contributed a meager $80m. This translates into an abysmal share of about 1.6 % being enjoyed by Uganda.

The current tea production nationwide by area stands at 28,000 hectares with an output of 60,000 metric tonnes of readymade tea. This current situation only reflects 18% of Uganda's potential in terms of tea production. The country has capacity to utilise around 200,000 hectares under tea growing, according to authorities.

Uganda's biggest tea production potential lies with the fragmented small holder farmers (this group holds 82% of the 200,000 hectares of land that can be deemed as suitable for tea growing in the country).

Trade minister Amelia Kyambadde says in order to realise the country's full tea production potential, there is need for Government in partnership with the private sector to support meaningful and systematic interventions that would address issues of; promoting primary quality production; organising of the small scale out growers into cooperatives and invest in the establishment of economically viable tea factories that are easily accessible by the farmers.

Kyambadde says her ministry through UDC, has embarked on the provision of a third CTC tea processing line with an operational capacity of 600kg/hr to complement the already operational two CTC lines capacity in Kayonza Growers Tea factory, that is based in Kanungu district. Similar interventions aimed at promoting the tea subsector are being undertaken in other regions of Uganda including Mabale tea factory in Kyenjojo, Zombo, Nebbi and surrounding districts.

Emmanuel Mutahunga

Inside Kabale tea factory. Courtsey Photo

BETWEEN THE LINES:

- Tea processed at Kabale tea factory is exported to the auction market in Mombasa with the factory exporting 25MT per week. Works in Kisoro tea factory are still ongoing and expected to be completed at the end of this year