Experiences of Successful Smallholder Coffee Producers in Uganda

NUCAFE – FARMER OWNERSHIP MODEL

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Presentation Outline:

1. Background
2. History
3. NUCAFE & FARMER OWNERSHIP MODEL
4. Achievements
5. Challenges
6. Building the future
Background: Coffee industry in Uganda

1. Origin of Robusta Coffee, commercial planting from early 1900s for Robusta & Arabica
2. Small holder growing mainly from 1919, after collapse of Estates due to world prices
3. Average production, 3 million bags, with 85% Robusta and 15% Arabica
4. Key foreign Exchange earner for a long time
5. Grown by 1.2 million Households, key to livelihood of over 5.5million people (cash crop)
6. Fully Liberalized Industry
Uganda’s coffee production 1991-2010

Number of 60 kg bags

Source: UCDA
History of Coffee industry in Uganda

• **Before Liberalization:**
  1. Government Monopoly in Export
  2. Small Holder farmers mainly in strong cooperative movement
  3. Stable prices (income) but delayed payments

• **After Liberalization:**
  1. Export marketing dominated by multi-National companies
  2. Price fluctuation(income)
  3. Cooperative Movement collapsed, **BUT**......
NUCAFE introduction

• **National Union of Coffee Agribusinesses & Farm Enterprises LTD (NUCAFE)** started 1995

• **Vision:**

  *Coffee farmers profitably own their coffee along the value chain for sustainable livelihoods and consumer satisfaction.*

• 155 Members (mainly Associations, cooperatives, Estate coffee farms)

• 95% Small holder farmers with less than 0.3 Ha representing 100,000 Households
MARTKET ANALYSIS

Current Market Situation

Coffee flowers
0.07 EURO per tree

Red cherries
0.17 EURO per kg

Green Berries
0.11 EURO per kg

Kiboko 0.33 EURO per kg/=,
parchment 0.83 EURO per kg

Fair Average Quality
(Not graded beans)
0.72 EURO per kg

Source: NUCAFE 2011
Prices in EUROs per kilo
1 EURO = 3000 Ushs

85% of the farmers
Role of centre of Excellence (VALUE PROPOSITION)

Coffee flowers
220/= per tree

Red cherries
1kg 400 to 500/=, parchment 2400

Kiboko 1kg 600 to 700/=, parchment 2400

Green Berries
330/= per kg

F.A.Q (kase) kg = 2200/=, 1kg 2800 to 4500/=, 20,000

Roast and ground kg = 60,000/=, 1kg 20,000

Graded coffee 1kg 2800 to 4500/=, 1kg 20,000

Coffee Consumption
1 cup 4000/= (80 cups per kg)

Source: NUCAFE 2011
Farmer Ownership Model – Building the Coffee Value chain

- **Farmer Groups**
- **Association (s)**
- **NUCAFE Secretariat**
- **Govt & Donors, NGOs**
- **Research & Academia**
- **Processors**
- **Exporters**
- **Roasters/supermarkets/Consumers**

**Linkages**:
- Business training
- Mobilization, GAPs
- Service linkages
- Extension
- Enabling environment
- Information

**Value Addition**
- Certification/Standards
- Mind-set change
- No buying coffee
- Facilitation Role
- Performance pay
- Sustainability

**Coffee is an entry point**
CURRENT SERVICE PORTFOLIO:

Mainly project driven

1. Market linkage service
2. Input linkage service
3. Nursery development & seedling production
4. Lobby and advocacy
5. Institutional capacity building of members
6. Information service
7. Gender equity program
8. In house roast and ground coffee sales
9. Equipment linkage service
10. Financial services linkage program

etc
Achievements: Farmers organised into Viable Business units

Company limited by Guarantee or Cooperative

Business Name registered

Annual General Meeting (AGM)

Elected Board

Management or Business manager

Three (3) elected leaders
1. Chairperson
2. Secretary
3. Finance

- Household of Av. 5 to 6 people
- Less than 0.3 Ha.
- Coffee
- About 0.5kg per tree per year
- Av. 200 to 300 trees
Achievements at Small Holder Household level

• Increased Income from improved productivity & production (30% to 50%)

• Increased income from Value Addition & Market access e.g. from less than 1 USD per kg Robusta to average of 2 USD per kg

• Access to production & Quality improving Inputs (seedlings, fertilizers, etc)

• Sustainable production adopted (Fairtrade, Utz certifications & 4C verification)
Achievements: **Gender Equity at Household**

**BENEFITS**

- Better division of labour and decision making at the household level
- Increased productivity & profitability
- Better access & control of resources and benefits
- Better livelihoods resulting from better Utilisation of the proceeds
Achievements Cont.....

• Initiated and lobbying Government for a NATIONAL COFFEE POLICY
• Developed an innovative farmer entrepreneurship Model
• Improved access to Credit through NUCAFE – Centenary bank MOU
• Starting enhancing University, Research responsiveness to farmer needs & linkages
• Embracing new innovations & products like- Weather index insurance with EAFF, ACTESA, COMESA
Challenges

- Lack of a supportive policy environment - National coffee policy
- Farmer organizations growing but still weak
- Household approach to gender equity is effective but very expensive
- Sustainability
- Climate change
- Changing Marco & Micro economic conditions
Building the future

Create and manage coffee value chain **INNOVATION INCUBATOR**

Commercialize Small Holder Coffee production

GOVERNMENT & etc

NUCAFÉ

UNIVERSITIES

RESEARCH INSTITUTIONS
THANK YOU