



Experiences of Successful Smallholder Coffee Producers in Uganda

NUCAFE – FARMER OWNERSHIP MODEL

By,

Muwonge David

Ag. Executive Director NUCAFE

david.muwonge@nucafe.org, Mobile +256 712 879061

COMESA/ACTESA/MINAGRI POLICY SYMPOSIUM AGENDA

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Presentation Outline:

1. Background
2. History
3. NUCAFE & FARMER OWNERSHIP MODEL
4. Achievements
5. Challenges
6. Building the future

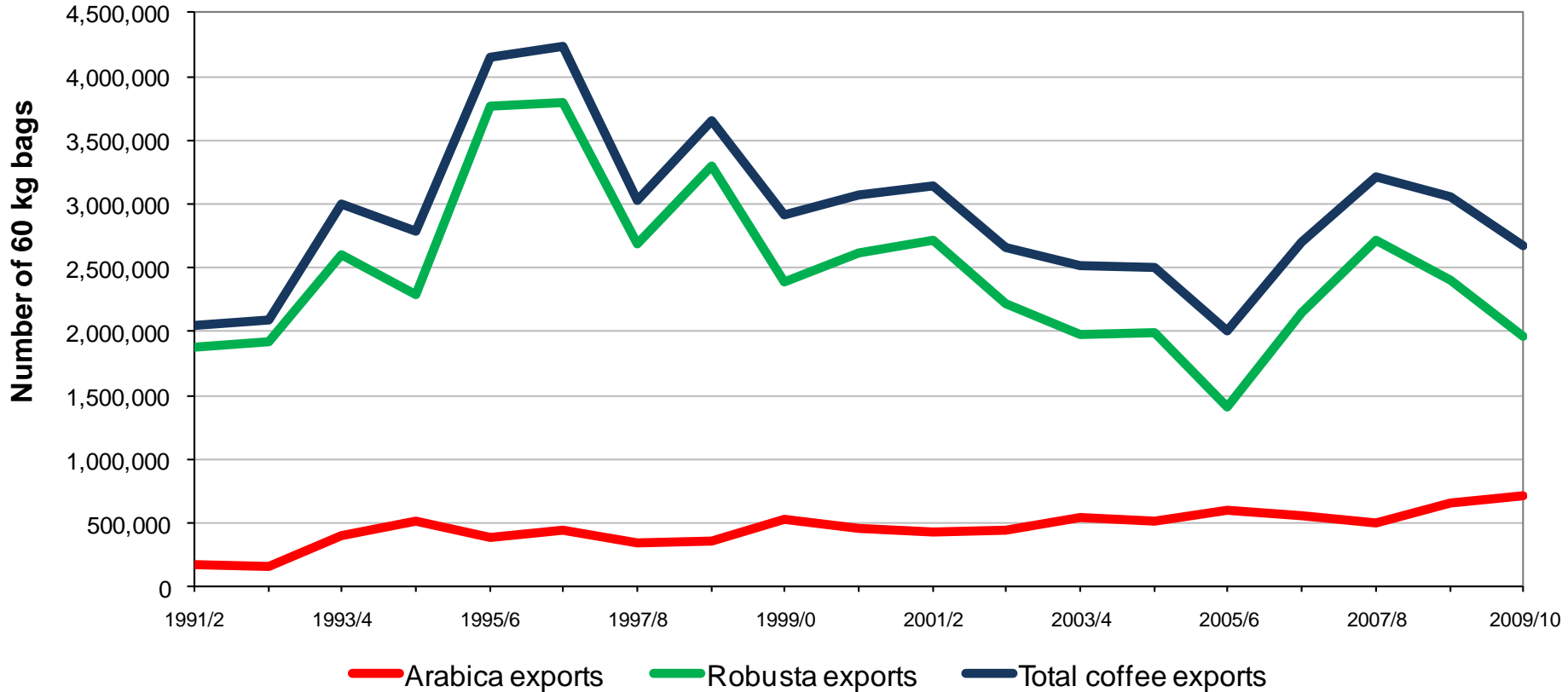
Background: Coffee industry in Uganda

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

Uganda Coffee exports 1991/2 - 2009/10

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

- **N**ational **U**nion of **C**offee **A**gribusinesses & **F**arm **E**nterprises 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

MARKET ANALYSIS

CURRENT MARKET SITUATION

Fair Average Quality
(Not graded beans)

0.72 EURO per kg



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



Red cherries

0.17 EURO per kg



Green Berries

0.11 EURO per kg



Coffee flowers

0.07 EURO
per tree



85% of
the
farmers

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

Role of centre of Excellence (VALUE PROPOSITION)

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

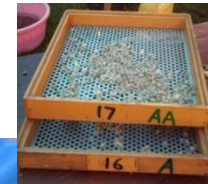


Roast and ground kg=
60,000/=

Roast beans 1kg
20,000



Graded coffee 1kg
2800 to 4500/=



F.A.Q (kase) kg =
2200/=



Kiboko 1kg 600 to 700/=, parchment 2400

Red cherries
1kg 400 to 500/=



Green Berries
330/= per kg



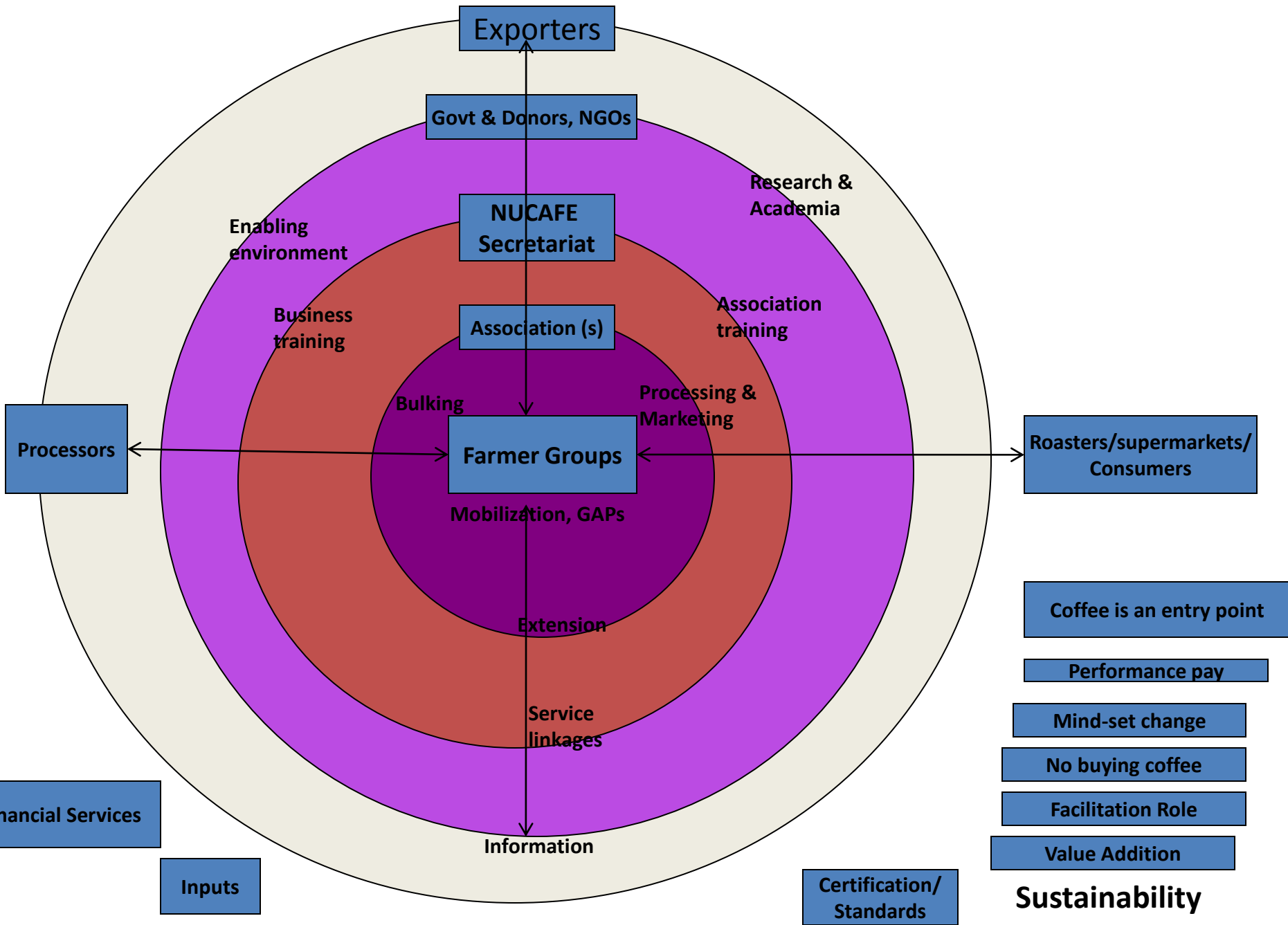
Coffee flowers

220/= per tree



Source: NUCAFE 2011

Farmer Ownership Model – Building the Coffee Value chain

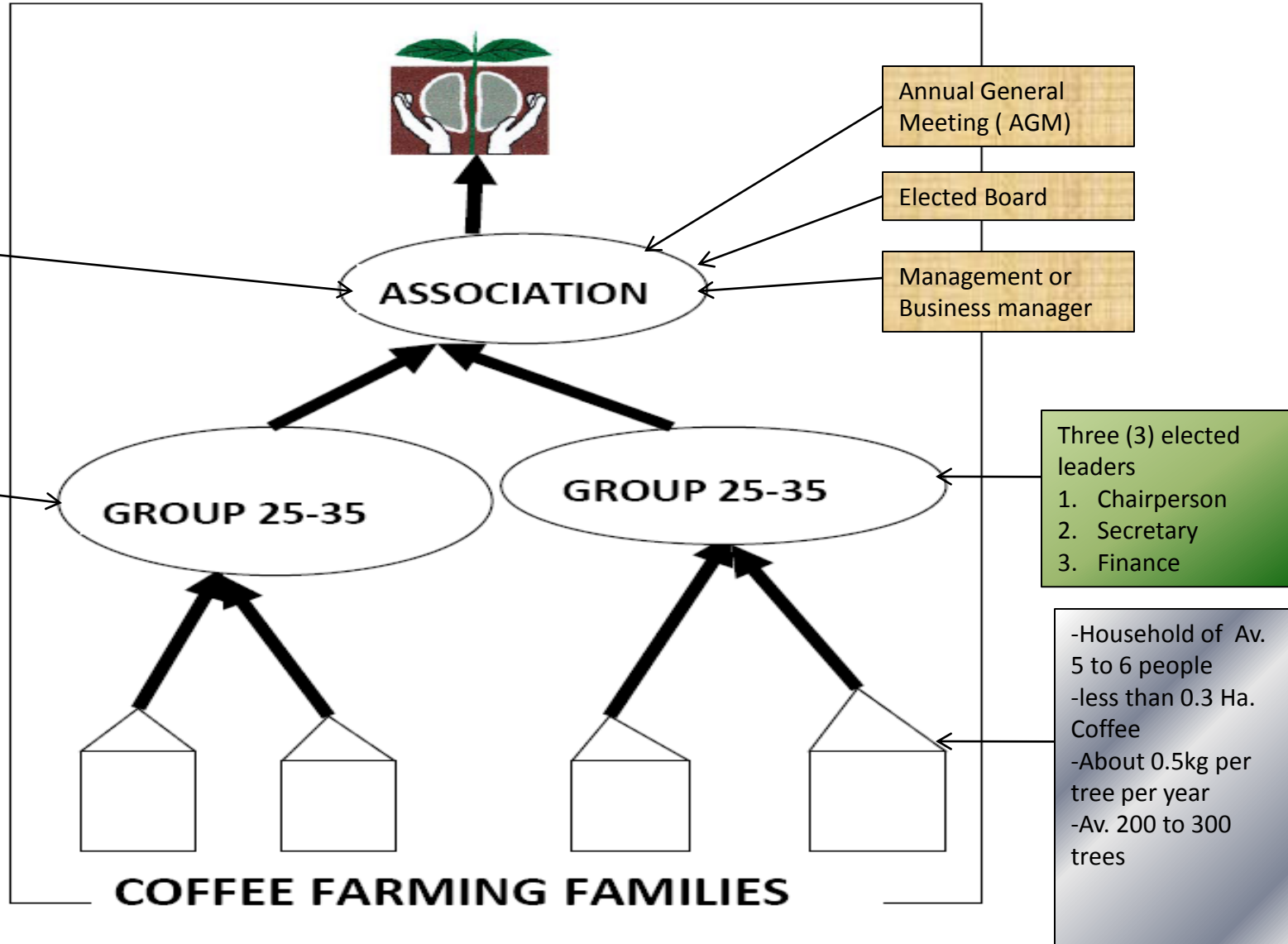


CURRENT SERVICE PORTIFOLIO:

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

Achivements: 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.....

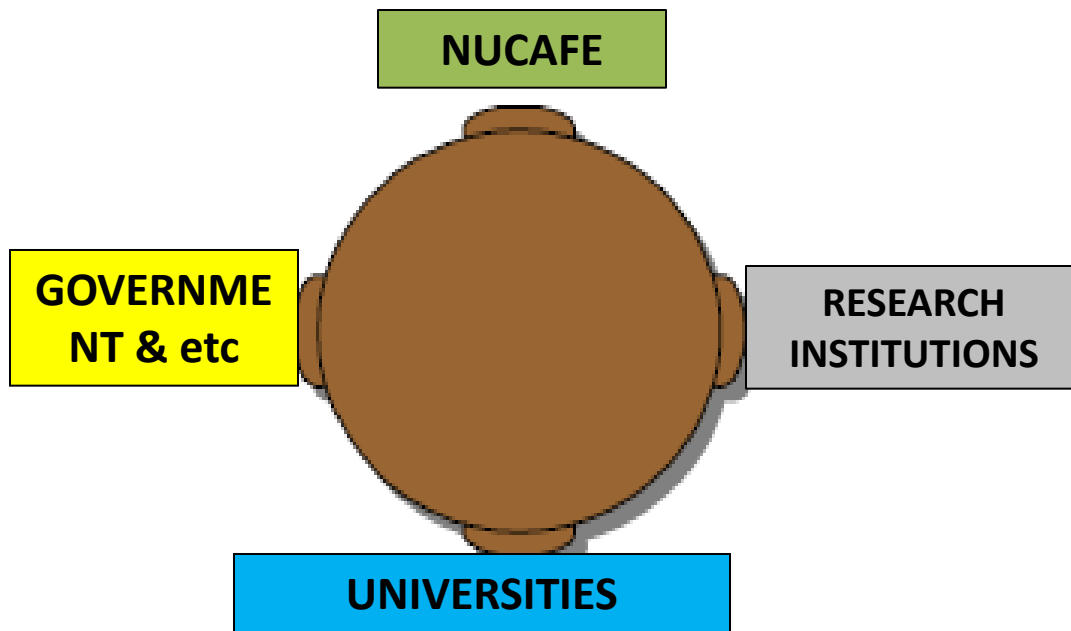
- Initiated and lobbying Government for a **NATIONAL COFFEE POLICY**
- Developed an innovative farmer entrepreneurship Model
- Improved access to Credit through NUCAFE – Centenary bank MOU
- Starting enhancing University, Research responsiveness to farmer needs & linkages
- Embracing new innovations & 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 Macro & Micro economic conditions

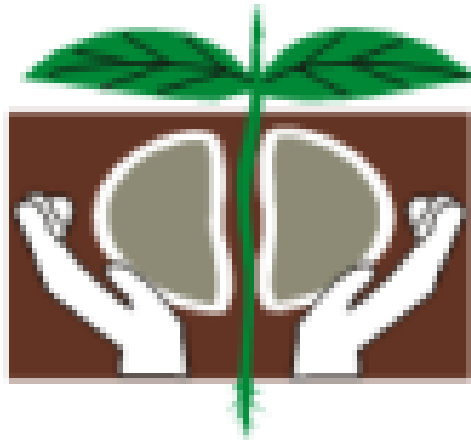
Building the future

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



**Commercialize
Small Holder
Coffee production**





NUCAFE

THANK
YOU