

# CASE STUDY

## Improving lives with better coffee in Uganda



Joseph Mayanja relies on the harvest of his coffee farm to support his family. The 71-year-old farmer from Masaka, Uganda, is father to 13 children and his 2.3-acre coffee farm provides him with a livelihood.

'Paying school fees was a burden, but now there is a light. Before, when we didn't grow enough coffee, we could not get enough to even care for the home. But now, it's worthwhile,' he said.

The beans that Mayanja harvests today are 'bigger and weightier' compared with those he grew before he received training from the National Union of Coffee Agribusinesses and Farm Enterprises (NUCAFE). The training is part of ITC's Netherlands Trust Fund (NTF) II Uganda coffee project and co-designed by the Dutch Centre for Promotion of Imports from Developing Countries.

Through training Mayanja learned to prune coffee plants, use fertilizer, pick beans in a way that preserves the branches, dry the beans on clean tarpaulins and store them properly before sending them for processing. This has resulted in higher-quality beans, which can fetch more than four times the previous price.

'Our farmer ownership model helped to ensure that we move to another level in the coffee value chain,' said NUCAFE Executive Director Joseph Nkandu. 'Farmers have graduated from selling raw coffee to a more value-added coffee. [This is] about empowering farmers, not living on handouts.'

Before partnering with NUCAFE, Mayanja sold 60kg bags of unprocessed coffee at 1,000 Uganda

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Joseph Nkandu, Executive Director, NUCAFE

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shillings (US\$ 0.40) per kilogram. He now sells 40kg bags of processed coffee at 4,350 Uganda shillings (US\$ 1.73) per kilogram. He is one of more than 5,000 farmers who benefited from the coffee project in 2013. They received training on verification of the 4C Code of Conduct, the coffee sector's baseline standard for sustainability.

Mayanja now earns enough to pay for school fees, medical care and household needs, including for special occasions such as weddings. And for the first time, he has a bank account. To ensure that his bank balance remains healthy, Mayanja has developed a five-year plan with a list of goals including buying a computer to record transactions, building a large coffee storage facility, getting a water pump for irrigation and investing in a soil testing kit.

### **FARMING AS A BUSINESS**

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'They are moving towards doing farming as a business,' said Kakooza Hassan, Business Manager of the Masaka Coffee Hub. 'They are becoming farmers who focus on making a profit and on differentiating expenditure and income, because now they can do record-keeping.'



'Gaining access to finance was one of the most important achievements of the project, according to NUCAFE Deputy Executive Director David Muwonge. ITC-trained independent financial counsellors worked with 40 farmers' associations, representing around 8,000 farming households, to develop business plans to submit to local banks. Fifteen associations were able to secure credit to tide them over between coffee planting seasons.

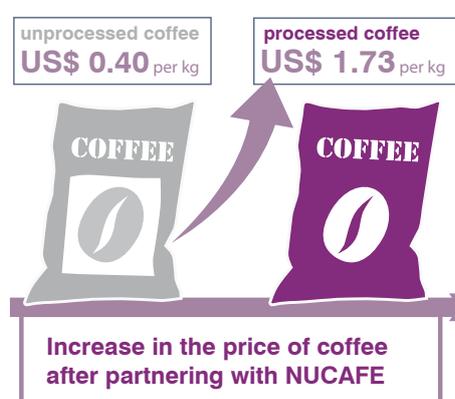
One farmers' association that meets at the Masaka Coffee Hub secured a loan of 22 million Uganda shillings (US\$ 8,878) in 2011, followed by a loan of 40 million Uganda shillings in 2012 and 75 million Uganda shillings in 2013. The projected loan amount for 2014 is 100 million Uganda shillings, according to Muwonge. 'This is not only access, but also growth in terms of the volume of funds they are accessing from banks,' he said.

Securing loans like these enables NUCAFE to offer farmers advance cash payments so they no longer need to rely on traders or intermediaries to buy their coffee beans at low prices.

### INCREASING PRICES AND SALES

With farmers' associations gaining access to finance, farmers are more encouraged to join and work with other farmers to sell their beans collectively at higher prices. They are also tapping NUCAFE's expertise in marketing and branding to increase sales.

The number of farmers' associations has grown from fewer than 125 before the project to 155 when the project ended in March 2013. Since then the number has increased to 165 associations.



At the start of the project, NUCAFE had one big coffee buyer, Caffè River in Italy. By the end of the project, it was selling to six buyers. Today, there are 12 coffee companies from around the world buying NUCAFE's coffee.

The aim of the project was to strengthen NUCAFE's ability to train and support farmers to become self-sustaining entrepreneurs and exporters. Uganda has now overtaken Ethiopia to become Africa's leading coffee exporter. The sector directly employs about 3.5 million people.

'Coffee is a strategic crop. Once you empower coffee farmers, then you have empowered the nation,' said James Kizito-Mayanja, Principal Information Officer at the Uganda Coffee Development Authority. 'That is an intervention that will go a long way in improving the economy of Uganda and ultimately reducing poverty levels.'