



A SPEECH
BY
THE RIGHT HONOURABLE PROFESSOR APOLO NSIBAMBI
PRIME MINISTER OF THE REPUBLIC OF UGANDA
ON THE OCCASION OF
THE 3RD NATIONAL COFFEE FARMERS' CONVENTION
ON
30TH JULY 2008
AT
MANDELA NATIONAL STADIUM
AT
10.00 A M

Honorable Ministers

Honorable Members of Parliament

Your Excellencies the Ambassadors

Permanent Secretaries

Chairman and the entire Board of National Union of Coffee Agribusinesses and Farm Enterprises (NUCAFE)

Coffee farmers

Invited Guests

Ladies and Gentlemen

It gives me much pleasure to be invited to a forum that has brought farmers and other stakeholders that deal with a commodity that has a great historical importance to Uganda. Uganda has been a producer of coffee for a long time. Uganda is known as the centre of diversity for robusta coffee but we also produce Arabica coffee which is believed to have come from Ethiopia. In other words, robusta coffee is a native crop for Uganda.

Before coffee marketing was liberalized in 1991, Government through the Coffee Marketing Board (CMB) had the monopoly to buy and export coffee. During that time, Government would fix prices which would be read by the Minister of Finance when making a budget speech. This had its own merits and demerits. The main advantage for fixing prices was that farmers were protected against price fluctuations and they would know the price in advance and prepare themselves for the marketing seasons. However, there were many disadvantages that the farmers' value share of the world market was very small e.g. about 20% by 1990. Furthermore, there was no prompt payment and a farmer could only keep a receipt for over 6 months.

In 1991, the Government fully liberalized the marketing of coffee and then the monopoly of coffee marketing by CMB was abolished. During that time the cooperative movement experienced a shock with competition from individual private coffee buyers who would promptly pay farmers. Over 100 private coffee traders entered coffee marketing and there was improvement in the farmer's value share of the world market. As time went on, the cooperative movement experienced both internal and external management and financial challenges which led to the collapse of the Co-operative Movement that was otherwise responsible for quality enhancement, input distribution, bulk processing and marketing of farmers' produce. Farmers became exposed to the vagaries of international trade and immediately after the coffee boom of 1995/96, prices became volatile. The private local traders also started sliding into receivership because they did not have the necessary instruments to protect themselves against financial shocks.

As Government, we needed to have prepared the farmers and our traders on how best they would guard against the shocks of liberalization and globalization. To this end, Government established the Uganda Coffee Development Authority (UCDA) with the conviction that it would be able to support farmers to the greatest extent possible. However, this has not been easy and it is for this reason that the sector is facing serious challenges in its effort to survive. Therefore, with a combination of internal and external factors, farmers have not greatly benefited as had been expected. The effect of all this has been, among other concerns, declining coffee production over the years and hence reduced foreign exchange earnings from coffee. But I am glad to see that even with all the challenges to the coffee sector, farmers have not abandoned this important commodity. I am particularly impressed because you have decided to form NUCAFE which innovatively has

come up with **the farmer ownership model** that is intended to empower coffee farmers to have stake within the coffee value chain.

I have listened very well to all problems that have been articulated by your Chairman and the resulting financial loss in millions of United States Dollars. Government will take immediate action to arrest the challenging situation within the Uganda coffee sector.

On the coffee policy, I wish to advise the Minister of Agriculture, Animal Industry and Fisheries to take charge of developing the policy in partnership with other Government Ministries especially Ministry of Tourism, Trade and Industry, Government agencies such as National Agricultural Research Organization (NARO), National Agricultural Advisory Services (NAADS), Uganda Coffee Development Authority and the private stakeholders such as NUCAFE and the Uganda Coffee Trade Federation. I wish to emphasize that the policy must take into account the proposals from the private sector on how to effectively address the challenges facing the Coffee sector. The Ministry of Agriculture, Animal Industry and Fisheries should also facilitate this process.

On the regulatory and institutional framework, I wish to advise the concerned Agencies i.e. UCDA, NARO, UNBS through the line Ministry of Agriculture, Animal Industry and Fisheries to review and amend the UCDA statute to incorporate the necessary standards and to bring the coffee research agency under UCDA and to make sure that UCDA is better placed to regulate the entire coffee sector and also provide funding and technical assistance to production, farmer organization and promotion of Uganda coffee within and outside the Country. However, I must add that the coffee stakeholders need to prioritize and guide

where funds should be invested while looking at the short, medium and long term strategies necessary to enhance the competitiveness of the Uganda coffee sector. As Government we need to urgently find funding for multiplication of the new resistant varieties for distribution to farmers.

Regarding coffee consumption, it is a good proposal to promote domestic consumption of coffee. **Government is in the process of establishing the coffee roasting facility. I wish to see that the coffee farmers have ownership in this facility and this will enhance your farmer ownership model even much more.** This is a very important issue and I urge the Ministry of Agriculture, Animal Industry and Fisheries and UCDA to take note of that as they facilitate the establishment of this facility.

I wish to commend NUCAFE for coming up with this innovative farmer ownership model and the interest to develop not only the coffee farmers but also the entire coffee sector. I would like to thank Hon. Gerald Ssendaula and the entire Board and Management for organizing such an important forum. I wish to conclude by emphasizing that your initiative has the full support of Government because you are certainly contributing to our programmes namely Prosperity for All.

At this point, I would like to declare this convention officially open and I wish all of you successful deliberations.