

## **What is NUCAFE?**

The government implementing some of the requirements and/or policies of the World Bank which included liberalizing the economy, the coffee sector which was under the control of the government was one of the sectors to be liberalized. Originally the coffee business was under the government controlled body i.e. Uganda Coffee Marketing Board (C.M.B) and the Cooperative Societies. With liberalizing the coffee industry this led to an increment of coffee exporters, in the 1992-1993 coffee year there was an increase of coffee exporters with a starting number of twelve (12) to a tune of thirty four (34) at the end of the season, the increase in the coffee exporting companies helped to keep the prices that farmers get quite high.

The liberalization of the coffee industry responded favorably to the government policies in many ways. The government policy of liberalization of farm gate prices, as opposed to the minimum prices set by the government, had a significant impact on the industry. Market forces played a key role in the internal coffee business. The farmers were able to maximize their returns by attaining very high prices which reached Shs. 1.500/= in some areas for a kilogram of Kiboko and Shs. 3.000/= for clean Robusta coffee, during the fourth quarter of the season.

Coffee is one of Uganda's most important "national businesses." It is the major crop for 500,000 coffee producers representing at least 2 million Ugandan families. Most of the export volume is generated by Robusta coffee; Uganda's current production of Arabica is well under 15% of total coffee production. Although Robusta coffee brings lower prices in the marketplace than Arabica and is subject to coffee wilt disease, the demand for good quality Robusta remains high and the disease problem can and is being addressed through replanting and introduction of clonal coffees.

At national level, the elements of a coffee subsector competitiveness strategy have included, at various times and depending upon which actors are involved: value-addition into niche markets for high-grade specialty coffee markets, including organic, sustainable, Fair-Trade and shade-grown niches; upgrading Robusta quality through value-added processing and improved handling; training; promotion; replanting (replacing old trees, dealing with coffee wilt and replanting with Arabica where possible); coffee auction; appellation. Much of the dialogue and many of the suggested initiatives have centered around Arabica coffee, even though Uganda's current comparative advantages in coffee center around Robusta rather than Arabica coffees.

It is time for a new approach to building Uganda's coffee business and for the development of a new, national business strategy and plan for coffee within which it will be possible to rationalize and coordinate the roles of private and public sector actors to maximum advantage. An important prerequisite to expanding the competitiveness of the coffee subsector will be strengthening the production base by supporting the ability of producers to organize and operate through farmer-directed organizations that play direct business roles in the marketplace. This can be accomplished by assisting farmers and their associations to produce and market quality coffee that brings financial benefit to individual farmer members, as well as to their supporting organizations.

After the liberalization of the coffee subsector the coffee farmers were left at the mercy of the coffee traders and/or middlemen, this resulted in a rapid decline in coffee quality. The farmers were paid promptly and recover about 80% of their production costs against 31% before liberalization, the trend was a healthy one and likely to reverse the general reduction in production, and a more disorganized producer community. With regard to increasing coffee production in the country Sixty (60) coffee nurseries were created and supported in Twenty five (25) coffee growing districts.

Coffee production continued to register a positive trend following liberalization and price increases throughout the year. The trend of uprooting coffee trees by farmers has been reversed and the majority of farmers are tending to the existing coffee shambas while a few are planting

the high yielding clonal Robusta coffee that has been newly introduced. The farmers were hesitant to adopt the planting of the new coffee variety that was being supplied by Uganda Coffee Development Authority. Farmers in Masaka, formed an association called Masaka Clonal Coffee Growers Association with the intention of using it as a medium to encourage other coffee farmers plant the new Clonal Robusta coffee. This association was started by the likes of Mr. Livingstone Mpiimbe, Mr. Muluya Philip Luyombo and others. A group of farmers in Kampala including Mr. Steven Banya, Mr. Jack Bigirwa went to Masaka and met with Masaka CCGA leaders and discussed the formation of an association to unite all coffee farmers in Uganda. Later meetings intensified and involved other prominent coffee farmers like Mr. Mundezi Davis in the East (Mbale greater), and Mr. Samson Kermundu from the Northern Uganda which led to the formation of Uganda Coffee Farmers Association in 1995.

The Uganda Coffee Farmers Association (UCFA), arguably the largest single representative body for Uganda's smallholder coffee producers, was barely mentioned in earlier subsector assessment documents. Although it has over 120 member associations and close to 40,000 members located throughout Uganda's major coffee-producing regions, member associations represented different stages of development and the entire system was relatively disorganized and weak. UCFA services, which consisted largely of technical training, did not meet the needs of member associations, all of whom sought higher levels of service and support from their national organization. Given the size of the task involved, challenges associated with finding cost-effective and efficient ways to strengthen the UCFA appeared daunting both to the UCFA itself and to would-be supporters.

Over the last several years Uganda's coffee farmers have come to the increasing realization that they must develop their farms based on "farming as a business" principles. They have requested the UCFA to find ways to assist member associations to develop as businesses through which individual farmer members can receive effective service and work together to build sustainable revenue streams for themselves, for their associations and for the national hub.

Beginning in early 2002, principals of the Uganda Coffee Farmers Association began working with an institution/organization specialist provided by the USAID-funded SPEED (Support for Private Enterprise Expansion and Development) project. In a June 2002 board meeting facilitated by the SPEED advisor, the UCFA Board of Directors reviewed the state of the subsector and their position of the association and determined that the UCFA needed to:

- Restructure and refocus the UCFA as a support hub focused on providing market-driven services to member units;
- Establish the UCFA as a player in development of subsector strategy and dialogue;
- Clarify UCFA's image and roles with various stakeholder constituencies;
- Position the UCFA system within the supply to market chain in ways that support the ability of the entire system to pursue sustainability;
- Address these and other issues through use of a focused, proactive approach.

As a result of that meeting, the UCFA identified the following change initiatives that it would pursue:

- Design and operate all organizations within the system as effective businesses;
- Design and structure the national hub as a provider of services for which member associations will be willing and able to pay;

- Link the entire system to marketplace initiatives and commercial relationships that will support sustainable operation;
- Design the system based on strategic assessment results and involve all member associations in the transformation/restructuring process.

UCFA determined it needed to restructure and reorganize its system and to find ways to embed the costs of extension, of training, of product development, etc. within the normal business activities of member associations and the system itself. The UCFA also determined that it needed to change its name to reflect its revitalized program and its focus on farming as a business and to provide visible notice to the coffee industry in Uganda and in other markets as well of the changes that are underway.

The UCFA conducted a system-wide strategic planning and assessment effort to ensure it could move forward with a clear sense of the issues it would need to address and the types of change initiatives which could be most successfully to address these issues. UCFA associations agreed unanimously that it was time to restructure and to move forward under a new approach and a new name. The name NUCAFE – the National Union of Coffee Agribusinesses and Farm Enterprises was selected, and it was agreed among all present that the name would be referred immediately to the Board of Directors for ratification so that it could be put into play immediately as both a name and a brand to be used by all associations within the system.