CASE STUDY OF THE IMPACT OF 4C CERTIFICATION IN UGANDA

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Mandate: Uganda Coffee Development Authority (UCDA) is established as a public Authority and its mandate is to promote and oversee the coffee industry by supporting research, promoting production, controlling the quality and improving the marketing of coffee in order to optimize foreign exchange earnings for the country and payments to the farmers.

Vision: A sustainable coffee industry with high stakeholder value for social economic transformation’ and its Mission is “To facilitate increase in quality coffee production, productivity, and consumption.
UGANDA’S COFFEE FACTS

- Contributes 15-17% of foreign earnings to Ugandan economy
- 1.7 million smallholder farmers are directly involved in coffee
- Farm sizes average 0.2 ha (Arabica) and 2.5 ha (Robusta)
- Production average 600 kg/ha (Arabica) and 700 kg/ha
- Ranks no. 2 as coffee producer and no. 1 exporter in Africa
- Grows 75% Robusta but increasingly popular for its Arabica
- 3.3% of Uganda’s coffee exports are certified coffees
- Recently joined the Sustainable Coffee Challenge
<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Presidential Priority</td>
<td></td>
</tr>
<tr>
<td>True North</td>
<td>Households standard of living</td>
</tr>
<tr>
<td>Export Earner</td>
<td>Potential of US$ 2 billion a year</td>
</tr>
<tr>
<td>Employment Potential</td>
<td>Coffee Value Chain</td>
</tr>
<tr>
<td>National coverage</td>
<td>104 Districts</td>
</tr>
</tbody>
</table>
# Economic Importance of Coffee

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Economic Indicator</th>
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<tbody>
<tr>
<td>25%</td>
<td>Agriculture to National GDP</td>
</tr>
<tr>
<td>7.6%</td>
<td>Agricultural GDP</td>
</tr>
<tr>
<td>15%</td>
<td>Total exports (10 Years)</td>
</tr>
<tr>
<td>1.5%</td>
<td>Country GDP (5 Years)</td>
</tr>
</tbody>
</table>
H.E the President of Uganda launched the Coffee Roadmap on 13th April 2017
THE UGANDA COFFEE ROADMAP

**Demand and Value Addition**
1. Build structured demand
2. Brand Ugandan coffee
3. Support local coffee businesses

**Production**
4. Strengthen Farmer Organizations
5. Support Joint Ventures
6. Provide and promote concessions

**Enablers**
7. Improve quality of planting materials
8. Improve access to quality inputs
9. Develop a coffee finance program
<table>
<thead>
<tr>
<th>Metric</th>
<th>Impact</th>
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<tbody>
<tr>
<td>20 m</td>
<td>Bags produced by 2025-2030</td>
</tr>
<tr>
<td>15%</td>
<td>Premium on coffee exports</td>
</tr>
<tr>
<td>3-4 x</td>
<td>Yield improvement</td>
</tr>
<tr>
<td>1.5 m</td>
<td>HHs with improved livelihoods</td>
</tr>
<tr>
<td>$ 1.5 B</td>
<td>US$ 2.2 Export earnings per year</td>
</tr>
<tr>
<td>$ 1-1.5 B</td>
<td>Financing attracted per year</td>
</tr>
</tbody>
</table>
COFFEE EXPORT DESTINATIONS

Europe; 65.3%
North America; 4.4%
Africa; 27.9%
Asia; 2.2%
Australia; 0.2%

Destination Share

Italy: 18%
Germany: 15%
Sudan: 14%
Belgium: 11%
India: 6%
Europe: 6%
Spain: 4%
United States: 4%
Morocco: 3%
Algeria: 3%

Total
> 938,403
700,000
500,000
200,000
< 1
EXPORT TRENDS OF CERTIFIED COFFEE
EXPORT SHARE OF CERTIFIED COFFEE

Chart shows the export share of certified coffees from 1998/99 to 2017/18. The chart compares the market share by quantity and value. The share by value shows a steady increase from 2000/01 onwards, reaching a peak around 2014/15 before stabilizing. The share by quantity shows a more gradual increase.
CERTIFIED COFFEE EXPORTS IN LAST 3 YEARS

- Rainforest Alliance: 48%
- FairTrade: 7%
- 4Cs: 13%
- UTZ/RA: 7%
- CAFÉ: 2%
- ORG JAS/UTZ: 1%
- Organic certified: 12%
- Utz Certified: 2%
- Utz & Org & RA Certified: 4%
- Utz & Org certified: 5%
KEY ACTORS IN COFFEE CERTIFICATION IN UGANDA

- Kawacom (U) Ltd.
- Kyagalanyi Coffee Ltd.
- Central Coffee Farmers Association (CECOFA)
- Ankole Coffee Producers Cooperative Union
- National Union of Coffee Agribusinesses & Farm Enterprises (NUCAFE)
- Nile Highland Arabica Coffee Farmers Association
- Bukonzo Joint Cooperative Society
Central Coffee Farmers Association (CECOFA)

- Engaged in Fair Trade and 4C
- Started getting involved in PSS in 2012
- Has 1,200 registered farmers of Fair Trade (486 F & 200 Youth)

Achievements include:
- Obtained Fairtrade and 4Cs certification
- Selling Certified coffee to International markets
- Youth Football Tournament
- Construction of new grading infrastructure with a weigh bridge
- Hosting the African Fairtade Convention in Africa in June 2019
OLAM Co Ltd

- Engaged in Rainforest Alliance/Utz & 4Cs
- Started getting involved in PSS in 2015
- Has 841 (193 females) farmers registered under Rainforest Alliance/Utz; an 5,000 (1,096 female)

**Achievements include:**
- Improved farmer livelihoods through pricing, quality, financial literacy & access
- Conserved surrounding natural resources environment
- Digitalization of coffee farming communities
- Adding value in coffee farming communities through gender inclusion
KYAGALANYI Co Ltd

- Engaged in Rainforest Alliance/UTZ
- Started getting involved in PSS in 2008 in Mt. Elgon; 2014 in NWest Uganda & 2018 in Rwenzori Region
- 848 farmers for Rainforest Alliance & 17,961 for UTZ
- Kyagalanyi has more than 90 full-time employees in its sustainable coffee programmes across the country.

Achievements include:
- Substantial Increase in certified volumes & coffee quality
- Better markets for certified coffees
- International recognition (received RA sustainable standard setter award) for innovative sustainability programmes
KYAGALANYI Co Ltd

- Change in coffee farming practices- adoption of stumping, fertilizer use, better leaf rust & Coffee Berry Disease control
- Resulted in better yields (50% in West Nile; & 72% in Mt. Elgon) & increased farm income
- More efficient operations-
- Increasing adoption of good social & environmental practices
- Social- more children in school, more gender & youth focus, better labour conditions
- Environment- more buffer zones; less water pollution; more erosion control; better drought management; shade tree planting.
The ECOM Group in Uganda
Founded 1996
250 employees
2 dry mills ~ 2 Arabica wet mills ~ 1 Robusta washing station
Leader certified exports Y.O.Y since 1999
First UTZ & first Organic coffee projects in Africa
First RFA coffee project in Uganda
Top 3 Arabica exporters
<table>
<thead>
<tr>
<th>#</th>
<th>Project Name</th>
<th>Year Started</th>
<th>Certifications</th>
<th># of Farmers</th>
<th>%age of women</th>
<th>Hectares</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Bushenyi</td>
<td>1999</td>
<td>Organic/UTZ</td>
<td>5881</td>
<td>0.11</td>
<td>1776</td>
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<tr>
<td>2</td>
<td>Paidha</td>
<td>1999</td>
<td>Organic/UTZ/RFA/4C</td>
<td>13676</td>
<td>0.15</td>
<td>3230</td>
</tr>
<tr>
<td>3</td>
<td>Sipi</td>
<td>2000</td>
<td>Organic/UTZ/RFA/4C</td>
<td>11055</td>
<td>0.085</td>
<td>3226</td>
</tr>
<tr>
<td>4</td>
<td>Kasese</td>
<td>2007</td>
<td>Organic/UTZ</td>
<td>6191</td>
<td>0.13</td>
<td>2108</td>
</tr>
<tr>
<td>5</td>
<td>Kiboga</td>
<td>2009</td>
<td>Organic/UTZ</td>
<td>3329</td>
<td>0.22</td>
<td>972</td>
</tr>
<tr>
<td>6</td>
<td>Rukungiri</td>
<td>2010</td>
<td>Organic/UTZ</td>
<td>2250</td>
<td>0.21</td>
<td>680</td>
</tr>
<tr>
<td>7</td>
<td>Mayuge</td>
<td>2012</td>
<td>UTZ</td>
<td>6000</td>
<td>0.23</td>
<td>1583</td>
</tr>
<tr>
<td></td>
<td><strong>TOTALS</strong></td>
<td></td>
<td></td>
<td><strong>48382</strong></td>
<td></td>
<td><strong>13575</strong></td>
</tr>
</tbody>
</table>
CHALLENGES

- Low level of understanding on sustainability
- Low adoption rate on new technology
- GAPs implementation
- Dependency on one crop and the ‘hurry’ factor (quick money)
- Small farm sizes requires one to certify a large no. of farmers in order to get sufficient certified volumes
- Creating impact of many small scale farmers takes time
- Poverty levels hinder adoption of GAPs
- PSS require too many control points. Too many trainings given to many groups of farmers may not yield their desired impact. Need to focus on key issue
CONCLUSION

• The global trend is towards sustainable Coffees
• Most international Roasters have embraced sustainable coffees in their blends
• Uganda’s Sustainable Coffee Exports are increasing though not as fast as the market demands
• There are considerable premiums if farmers continue to engage in sustainable Coffee programmes
• Technical and financial assistance is required to build capacity of small scale farmers to produce sustainably
• Existence of planting material in adequate quantities is one of the critical success factors
• Handling social, economic & environment aspects of the coffee value chain is paramount
• Private Sustainable Standards are in line with the Uganda Coffee Roadmap