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Ugandan Coffee Growers

International Trade Forum - Issue 4/2009



Photo: Glenna Gordon In Uganda, the Good African Coffee company, in conjunction with ITC, is demonstrating how public-private partnerships can make a significant impact on low-income rural communities.

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The first time Andrew Rugasira drove the 800 kilometres (500 miles) from Uganda's capital, Kampala, to the Rwenzori Mountains, he went to convince farmers why they should sell their coffee beans to him. Despite being offered more money than anyone else had before, the farmers were reluctant to do business with Mr Rugasira. Until then, most of the visitors who came to the remote agricultural area were from non-governmental organizations driving big cars, but Mr Rugasira was a businessman in a pickup truck.

As the founder, chairman and CEO of Good African Coffee, the encounter was the first of many where he'd met with resistance to his ideas about coffee production and changing the common perceptions about Africa. "When most people think about Africa, they think of poverty. But it takes entrepreneurship to live on a dollar a day!" says Mr Rugasira.

Where others see poverty Mr Rugasira sees opportunity and markets - and it was his entrepreneurial vision that led to Good African Coffee. "We passionately believe that trade not aid is the only viable strategy for Africa's economic and social development," he says. To do that, he had to steer the conversation away from a lack of technology in coffee production to a focus on Uganda's plentiful resources.

African-grown coffee has always been regarded as high quality, but until recently was only ever exported raw. As most of the value in coffee comes through the process of it being roasted, ground, packaged, shipped, sold and consumed, this meant that only a small percentage of profits went to farmers or the country growing the coffee beans. Few people thought the whole production process could take place in sub-Saharan Africa. So in 2004 when Good African Coffee (originally trading as Rwenzori Coffee Company) tried to find a market in the United Kingdom, most people thought they could never produce the quality demanded by the market. They were wrong.

Good African Coffee did find a few buyers and, with the first farmers who came onboard using organic farming techniques, the company had the seeds of success for the thriving business it is today. The factory processes more than a tonne of coffee a day, which is distributed throughout Uganda to grocery stores, shops and several cafes owned by Good African Coffee, as well as exported to the UK and South Africa.

"By having the factory in Kampala, we can pay our farmers an even better price because value addition is still happening at the very source," says Mr Rugasira.

Soon neighbouring farmers noticed the higher yields and money in the pockets of the Good African Coffee farmers and one by one they joined until there were 14,000 farmers in the Rwenzori region.

One of those farmers is 36-year-old mother of five, Emelda Biira. She lives with her family in the Maliba district, near Kasase at the foothills of the Rwenzori Mountains. Following in the footsteps of her farmer parents, Mrs Biira only went to primary school for a couple of years. But she is determined that her children will have a different future. An agricultural transformation has changed life for the small mountainous village. Children are going to school, women are saving money and the villagers are healthier than they've ever been.

About 85 per cent of Ugandans are farmers, but only a small percentage of Uganda's gross domestic product comes from agriculture due to lack of access to markets, poor export strategies and crude farming techniques. In 2007 the Ugandan public and private sectors launched their National Export Strategy (see case study page 42) and identified organic production as a promising market opportunity for smallholders who traditionally had the most precarious livelihoods and lowest incomes.

Following on from this, in 2009 ITC's Trade and Environment Programme helped convert more than 2,000 smallholder coffee farmers, mostly women like Mrs Biira, to convert to organic production and receive the highly prized organic production certificate. The process involved an intensive programme of registration and production training for farmers. With the help of experts in agriculture and farming, Mrs Biira has changed the way she is farming and this in turn changes the way she is living.

"It's about teaching the farmer something they rarely think about - sustainability," says Patrick Byensi, an organic agriculture expert and extension worker for Good African Coffee.

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Mr Byensi says Mrs Biira quickly realized that organic practices would increase her land's output. With the help of Mr Byensi and her community, Mrs Biira now mulches her farm before planting to keep the soil nutrient-rich, rotates cropping areas to maximize the land's potential and plants shade trees to prevent erosion to keep her land fertile. The results are positive - this season her coffee harvest has doubled to 80 kilograms (176 lbs), and she is able to give her children the life that her parents couldn't afford to give her.

In the nearby village of Rukoki, another coffee-growing community is also thriving. Biira Betty and her husband Charles have even built a house with the proceeds from coffee sales. Mrs Betty sometimes borrows money from the community savings group made up of about 30 women who contribute 1,000 Uganda shillings (about US\$0.50) each week. Instead of "mortgaging" her beans (a process that results in early and aggressive picking), Mrs Betty dipped into the savings to pay for her children's school fees this term and paid the fees back as soon as the harvest season rolled around. Quick loans with interest often paid back with the money made from selling coffee beans, means that the communal pot in Rukoki has collected and saved 2 million Uganda shillings (about US\$ 1,000) over the past two years. For a community that used to struggle with basic health care, this is a sure sign of success.

Most of the farmers in Rukoki and Maliba are learning more about organic farming every day. In 2010, they will be able to market their products as organically certified and fetch the higher price of the Western market. The "more than fair trade" model embraced by Good African Coffee means a lot of that will go back into their pockets. Or rather, into new homes, school fees and further investments in farming and land. Soon, most people in the communities will be living in houses that coffee built. The environmental benefits include greater carbon sequestration in the soil, reduced soil erosion, no exposure to pesticides and net biodiversity gains.

Following the success of this public-private partnership project, ITC has extended technical assistance in 2009-2010 to another three coffee and tea companies supplied by 5,000 farmers.

As Mr Rugasira attests, "No one sipping one of our cappuccinos would say that what they see is poverty. They'd just tell you their coffee is very, very good."

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