



S P E E D

Support for Private Enterprise Expansion & Development

**UGANDA COFFEE FARMERS ASSOCIATION
2002 Action Plan**

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UGANDA COFFEE FARMERS ASSOCIATION

2002 ACTION PLAN FOR BUILDING A SUSTAINABLE FRAMEWORK FOR FARMER-DRIVEN GROWTH IN THE COFFEE SECTOR

I. BACKGROUND

The challenges facing Uganda as it seeks both to rebuild and expand its coffee exports are well understood. The intertwined challenges of dealing with the declining quality of Uganda's coffee, lower world prices, low yields and poor agronomic practices, the effects of disease, the old age of many of Uganda's coffee trees and the lack of an effective extension system to reach the 500,000 Ugandan smallholders involved in coffee production have been written about at length. If Uganda is to begin to address all of these issues and to move toward reaching and exceeding its 1996 export levels, new responses and approaches are needed.

A number of activities are underway to begin to reverse current trends. The government is seeking ways to support expansion of the introduction of disease-resistant clonal coffee and continual research is underway into production techniques and agronomic practices. Uganda maintains active interest and involvement in international coffee circles and is part of all major international dialogue. The Ugandan Coffee Development Authority (UCDA) has begun the process of facilitating the introduction of processing technology that will increase the potential for Ugandan coffee to enter the market at higher premiums. And, related to this effort, donor supported activities, such as SPEED, are actively developing and promoting initiatives designed to add value to and support such efforts.

Underlying all of this, however, is the fact that Uganda will not be able to address its coffee sector challenges successfully without developing and introducing new approaches to the organization and involvement of the more than half million smallholder coffee growers. At the heart of many of Uganda's competitiveness problems lies the lack of a strategic framework and viable infrastructure for smallholder-directed growth. The challenges of global growth and competitiveness in the new millennium require the introduction of approaches to smallholder growth in which small farmers are given responsibility and opportunity for direct participation in the market system. This means building extension systems and organizations that are owned and operated by farmers themselves within the context of an improved understanding of farming as a business and their own participation within the market. This is the key to both sustainability and to meaningful change.

II. THE UCFA CHALLENGE

The Uganda Coffee Farmers Association (UCFA) was designed and set up by concerned coffee farmers to provide an action response to the above challenges. As reflected in the UCFA Master Plan of Action (2000 – 2009), the organization seeks to provide coffee farmers with a common voice and point of action, to provide training services and market information, to assist farmers to develop and reinstate a viable extension system and to serve as a catalyst to assist members to organize and operate

sustainable business operations, for example, in the areas of savings mobilization, inputs purchase and delivery, and marketing.

The UCFA has become aware, however, that while the ideas and directions set forth in the current Master Plan are definitely needed by Uganda's coffee farmers, the challenges of building a sustainable system for smallholder directed growth are going to require the UCFA to make some shifts in its current focus and approaches. For example, the current UCFA Mission Statement reads: "To improve the quality and increase both the yield and the quantity of Uganda coffee at farm level by empowering and building farmers' capacities to sustain their own development."

The mission statement as it now stands places focus on individual farmers. However, the UCFA has realized that its major direct stakeholders are not the farmers themselves, but are the farmer-owned organizations that are the members of the UCFA. With this realization comes sharper focus on the fact that the UCFA must be organized and operated so that it can place priority on assisting its member associations to seek and find resources and to structure and operate as viable businesses that empower and build the capacities of their members. In this context, the mission of the UCFA as it continues to evolve over the coming weeks may read more like the following,

"To develop and establish a sustainable, market-driven system of business organizations through which small farmers participate directly in building the economic future for their families and for their country."

With support from a capacity-building consultant provided by the Private Sector Foundation, the UCFA has reviewed its plans. Now, as it seeks to move forward with implementation of its Master Plan, the UCFA sees that its major challenges for 2002 involve addressing the following major strategic issues.

- **Moving Into A Participatory Association Development Process That Will Position Both The UCFA And Its Member Associations For A Sustainable Future.** The UCFA plan calls for strengthening the management structures of member coffee farmers associations. But the present approaches to strengthening are based on building a top-down, unwieldy structure for the UCFA system. This approach will not support the ability of the UCFA to develop the kind of relationships that it needs to put into place with its member associations in order to position both them and the UCFA for sustainability. The coffee farmer organizations that are the members of the UCFA are the engines of growth for the coffee sector and they must see themselves this way. The UCFA must be able to support them with methodologies and processes through which they enhance their ability to make money and provide services to their members so that they see the UCFA as a key player in the development and maintenance of capacities within a sustainable system.
- **Defining, Installing And Operating A Market-Oriented Service Operation.** Sustainability for the UCFA and its member organizations requires that the entire system be operated within a clear idea of how it is

going to make money and finance itself within the market. This does not mean that there will be no jumpstart financing needed from outside parties to get systems and organizations put into place; nor does it mean that there will be no involvement of public sector resources. It will be important for the coffee farmers associations and the UCFA system itself to interact with and receive as much support as is practicable through both public and private sources, for example, in the areas of developing agronomic practices, gaining access to new plants and/or in developing government-supported financing mechanisms. However, in order to build for sustainability, it is critical that the entire UCFA system develop within an operations approach through which farmers, associations and the UCFA itself are working within a business context that helps them control exactly how they are going to get paid. The present plan lacks enough perspective on market-oriented operation – and this perspective will be critical to the UCFA’s ability both to attract necessary startup support and to build for sustainability.

- **Getting Started.** One of the most significant challenges facing the UCFA is to identify the ways in which it can best use the resources now available to it to move with most success from where it is to where it needs to be. With support from the PSF-provided consultant (who is in turn provided through the strategic alliance between the PSF and the SPEED Project of the U.S. Agency for International Development), the UCFA has developed an action plan for 2002 that will provide the organization with the impetus to build on and move forward from what it has already put into place.

III. 2002 ACTION PLAN

The UCFA has a number of resources in place upon which it will build in order to move into action. With support from the UCDA, it has an established secretariat and basic office setup. It has an active Board of Directors in place. It has affiliation with 36 associations at varying levels of development located in coffee-growing areas throughout the country. It has a firm relationship with the Kabinge Coffee Farmers Association, an organization that has put an initial model for development of new approaches into place. It has extensive knowledge of the existing extension structure and of all initiatives underway within the coffee sector. And it has received indications from both the Private Sector Foundation and the SPEED Project of their willingness to provide support to initiatives that will both further the development of the sector and the ability of the UCFA to strengthen its capacities to provide support to the sector on a continuing basis.

Given this picture, there are four major components to the UCFA 2002 action plan, each of which is outlined in some detail below. Each of these components is designed to respond both to the strategic issues and capacity-building challenges identified by the UCFA, as well as the interests of the potential sponsors identified for the component.

ACTION PLAN COMPONENT 1: DEVELOPMENT MODELS AND PLANS FOR UCFA MEMBER ASSOCIATIONS

The Kibinge Coffee Farmers’ Association is the most “developed” association within the UCFA system. As such its experiences and directions provide lessons of

experience that can be shared with other associations within the system. The UCFA has prepared an overview profile of the KCFA that is largely targeted to external audiences. Now the UCFA proposes to take a more indepth look at the Kibinge experience in order to prepare, based on this experience, a kind of association development model that will look at how Kibinge developed, its current programs and the challenges that this association finds itself facing as it moves forward to a next level. This effort is particularly timely both for Kibinge and for the UCFA system as a whole, as the KCFA moves into piloting one of the new wet processing facilities being introduced into Uganda. The results will provide both the UCFA and Kibinge with opportunity to define the next stages in their relationship (see Action Plan Component 2: Pilot Wet-Milling Support Program).

The Kibinge model, once it is further defined, will be used by the UCFA and by its member associations themselves to provide a guide and a standard for development of association programs and capacities. It does not mean that all associations will choose to develop in the same way, but it does mean that there will be guideposts. When and if other associations choose to take different directions, they will do so based on information and insights gained from the model.

Through this approach, the UCFA will support the ability of each of its associations to assess its current and planned operations and programs in light of the Kibinge model, and, based on this assessment, to design and put its own growth strategies – for membership development, for farmer-directed training, for savings and marketing, for quality and production improvement – into place. These assessments will yield both the association itself and the UCFA a jointly held framework for association-oriented growth. And the composite of all assessments, will tell the UCFA how it must structure its programs and priorities. The UCFA's own updated plan (see Action Plan Component 4: Strategic Development Program) will be based on the results of this assessment.

The Private Sector Foundation, which places great priority both on assisting its members to strengthen their institutional capacities and on supporting the rebuilding of Uganda's coffee sector, has expressed interest in assisting the UCFA to develop its capacity to serve its associations and their farmer members. This component of the action plan provides a critical building block for the further development of both the coffee sector and the UCFA. It will define the types of services and training that are needed by associations in order to serve their members. Therefore, the PSF is asked to provide financial backstopping to this effort, which should begin as soon possible in the first quarter of 2002. SPEED, through its Business Development Services program, is asked to assist the UCFA to develop the needed Scope of Work for presentation to the PSF and to locate and monitor the consultants/firm that will be qualified and able to carry out this activity on behalf of the UCFA.

**ACTION PLAN COMPONENT TWO:
EXTENSION SYSTEM COORDINATION AND DEVELOPMENT TO
SUPPORT INTRODUCTION OF PILOT WET-MILLING OPERATIONS**

The UCFA will develop and organize, by working with and through nucleus farm and/or association owners, as appropriate, to organize the extension services and delivery systems needed to support successful introduction and implementation of wet-milling operations in each of the six pilot locations. In cases where associations

themselves are owners, the UCFA will support the ability of the associations, as needed, to develop and carry out successful organization and delivery systems. In cases where the wet processing facilities are owned and operated by nucleus farms, the UCFA will work with the owner and with nearby farmer associations to identify the ways in which they might work together most effectively to guarantee and organize supply to the wet milling operation.

UCFA support to the introduction of wet milling technology will include the following, depending upon the interests and requirements of the owners/sponsors of the pilot facilities:

- Hiring a Program Coordinator for the pilot effort who will work within the UCFA and will be the major point of contact between the UCFA with SPEED and other actors involved in pilot project implementation. This Program Coordinator will work closely with the SPEED technical consultant and will develop and prepare a concise workplan to ensure and support appropriate coordination among other aspects of the technical effort and the extension activities;
- Introducing and carrying out, under the sponsorship of the farmers' associations in each area, an awareness workshops designed to introduce farmers to the technology and the challenges, as well as to the ways in which this pilot effort can lead to other such efforts;
- Putting into place in each pilot area, an Area Coordinator who will be responsible for ensuring appropriate set up, operation and monitoring of all activities;
- Under the direction of the Area Coordinator and with support from association members, mapping and registering farmers within the outreach and delivery area in terms of their past production and delivery performance and their projections as to volumes and times of crop availability;
- Organizing and setting up the logistics for delivery and continual supply, including the identification and monitoring of transport arrangements;
- Assisting owners to introduce and operate "bulking" schemes that would result expanded volumes for exports by using the extension system to provide both continual, needed supply to the wet milling facility and expansion of opportunities for sale of improved quality dried coffee;
- Assisting associations (both those who are owners and those who will provide supply to owners) to develop and introduce "reward-based" farmers registries; through these registries, associations will give first access to deliver to the wet milling facility to those farmers that have taken steps to improve their yields, introduce new varieties, pay their dues, etc. The use of the registry approach will support the ability of the associations to encourage members to develop new practices;
- Working directly and closely with associations and owners to introduce and support the use of new payment technologies (e.g, Smart Cards where these will be used) and successful setup and operation of all other types of payout activities.

By providing support to this activity, the UCFA will have the opportunity to develop relationships with member associations specifically around the challenges of developing and using improved extension methodologies.

The SPEED Project, which is providing major support to the launching of the wet milling facilities as part of the rehabilitation of the coffee sector, is asked to provide financial support to this UCFA initiative. Major costs will involve hiring a national coordinator to provide overall direction on behalf of the UCFA, providing six motorcycles to be used at association level, cost-sharing support to the local associations for the services of six Area Coordinators and a needed number of parish-level coordinators. The UCFA National Coordinator will prepare and submit a workplan and budget for all activities. SPEED through its Business Development Services program is asked to provide assistance with developing and finalizing the plan along the lines of the outline here and to assist the UCFA to identify and an appropriate candidate for the Program Coordinator position.

**ACTION PLAN COMPONENT THREE:
MARKET FEASIBILITY AND BUSINESS OPTIONS STUDY**

The UCFA Master Plan highlights the Kibinge model and calls for development of coffee savings trusts as vehicles for financial development and the introduction of input supply operations into associations as vehicles for lowering the cost of supplies to the farmer members of the associations. It mentions farmer-directed training efforts and the need for building sustainability within the system.

However, the current approach to the Master Plan does not facilitate the ability of the UCFA to design and plan for building market-linked approaches and it does not adequately address the issues related to sustainability. The above components of the action plan are designed to assist the UCFA to begin to address this lack. For example, one of the major reasons for the UCFA to place priority on participating in the pilot activity around the wet milling facilities above is the opportunity for the UCFA to begin to develop more commercial approaches to operation and extension. One of the reasons to look more closely at the Kibinge model is to learn more about financial approaches, for example, the process of contracting directly with export buyers – how this worked and how it might be expanded within the UCFA system. Finally, if a major challenge for building sustainable farmer associations appears to be the definition of approaches that will support the ability of associations to bulk and sell coffee in quantity within the marketplace, then UCFA needs to look first at that challenge and then to design its training and support activities to assist members to meet that challenge.

Therefore, as a third major piece of activity for 2002, the UCFA needs to develop its ability to design appropriate growth strategies for the UCFA system. In order to do this, UCFA needs to look at and document all the ways in which the coffee market currently works. It needs to interview and document the requirements, interests and practices of coffee buyers at all levels within the market chain so that it can reposition the UCFA. It needs to look at and examine various options and approaches to getting paid. For example, it needs to look more directly at options for developing marketing services which position both the UCFA and its member associations to operate on commissions.

SPEED, through its Business Development Services program is asked to provide the services of a consultant who will work with the UCFA to design and carry out implementation of a market feasibility and business options study on behalf of the UCFA. Implementation of this study would begin as soon as possible once the arrangements for the pilot program are in place.

**ACTION PLAN COMPONENT 4:
STRATEGIC DEVELOPMENT PROGRAM**

Based on implementation of the above three components, the UCFA will update its growth and development strategies – for the UCFA and for the entire system. Based on the information and experience gained through these components, the UCFA, with support from the PSF consultant, will prepare a Strategic Development Program that will update the current Master Plan. The Strategic Development Program will contain a full revenue generation strategy and sustainability plan to guide UCFA operations.