

CASE STUDY 8 | Building Coffee Farmers Alliances

A project focusing on farmer aggregation in Uganda created an enabling environment for future R&R projects

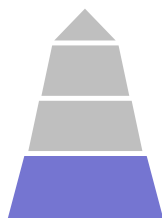
Project context

Coffee viability



- **Relevance:** SHFs in Uganda are on five times less productive than Vietnamese SHFs. There is an important potential for yield uplift by applying GAP and R&R.
- **Willingness:** High competition between traders promotes the trading and sale of poor quality coffee, with few incentives for the farmers to invest in the improvement of the quality of their product. Price premiums for quality would incentivize farmers to invest.

Farmer segmentation



- **Country situation:** 1.7 million farmers are growing coffee in Uganda, mostly Robusta. They are typically small farmers (average of 200 trees), mostly unorganized and weakly connected to markets.
- **Program segmentation:** The program targets disconnected and unorganized farmers.

R&R need



- **Country need:** Coffee trees in Uganda are on average 50 years old. Most of them would require renovation or intensive rehabilitation alongside with GAP.
- **Program objectives:** The program does not focus on R&R *per se*, but creates farmers structures that can later serve as entry points for R&R implementers.

Management of the three R&R components

Inputs

- **Providers:** HRNS, DCs, POs, third party companies.
- **Challenges faced:** Only 34% of SHFs used inputs before the start of project.
- **Solution:** Access to inputs, for demonstrations, was a key component of the program. Various activities such as the distribution of free seedlings and fertilizers to farmers holding demonstration plots led to a doubling in the use of inputs by SHFs.

Finance

- **Providers:** Various sources¹
- **Challenges faced:** Farmers, in general, lack access to finance and are not able to cover expenses associated with improved production techniques.
- **Solution:** The project supported the formation of several “Village Saving and Loan Associations” by strengthening financial literacy of farmers. A pilot project for commercial lending has been designed by KFW, Opportunity Bank, HRNS, and UCFA.

Knowledge

- **Providers:** HRNS, DCs
- **Challenges faced:** Lack of managerial and agronomic knowledge at organization and farmer levels.
- **Solution:** HRNS has trained DC leadership in managerial capacities (coffee management, book keeping and planning, auditing, market information, etc.) and farmers in good agricultural practices through the establishment of Farmer Field Schools . DCs monitor the ongoing FFS activities.

Lessons learned

- **Organizing farmers is a prerequisite to be able to implement R&R program** - Providing R&R packages to disconnected farmers comes at high cost and with low efficiency. The structures created by HRNS (POs, DCs and UCFA) enable third parties and sector stakeholders to easily reach farmers with their services, paving the way for future R&R programs. They also served as entry points for other structures (e.g. NGOs specialized in health and education).
- **Success largely depends on the ability to provide technical advice to farmer organizations (DCs and POs)** - Farmer organizations should have the ability to provide TA and to manage loans to farmers. Currently, DCs have weak management and financial capacities and require more assistance. UCFA has not enough capacity to fully support TA to DCs, and relies heavily on external finance (approx. 75%) This has improved to about 60%.
- **Farmer organizations should provide extension services to farmers on a professional basis** - The farmer adoption rate of GAP was, on average, high, but providing extension services on a purely voluntary basis is not sustainable. Farmer organizations need to hire staff specifically dedicated to implementing extension services.

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Note: (1) Program funders include the European Union (EU), the Bill and Melinda Gates Foundation, International Coffee Partners (ICP), USAID, Agribusiness Initiative (aBi), Plan Uganda, the Food and Agriculture Organization (FAO), and the Douwe Egberts Foundation (DEF). Funders entered at different stages of the project. Source: HRNS, *Building Coffee Farmers' Alliances in Uganda Project evaluation*, 2013