

NUCAFE INVESTOR PROFILE

Prepared by Miller Center for Social
Entrepreneurship



NUCAFE PROFILE

Mission statement:

To establish a sustainable market-driven system of coffee farmer enterprises and organizations which are empowered to increase their household incomes through enhanced entrepreneurship and innovation.

Total Lives Impacted:



1,512,210

[260,000 farmers +
their farming family
members]

Awards Won



2013: Africa Farmer Organization of the Year (AGRA)
2015: Rural Association of the Year (Private Sector Foundation Uganda)
2015: Investor of Year Award (Uganda Investment Authority)
2016: Best coffee-farmer Value Chain Inclusive Organization (PremaGyan Good100 Competition)

Year Founded:

2003

Country of Operation:

Uganda

Jobs Created:

946

Total Investment To Date

\$9,551,608



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Drawn from the business case study, "NUCAFE's Farmer Ownership Model for Rural Prosperity"

FOUNDATIONS FOR SUCCESS

The Problem

Growing up in a coffee farm, NUCAFE founder Joseph Nkandu experienced the constant struggle of coffee farmers. While coffee is the main export crop of Uganda, farmers often are trapped in a cycle of poverty. Traditional middlemen offer low, volatile prices (less than 5% of its retail value) to farmers while they receive maximum value through processing the coffee.

The Birth of NUCAFE

Seeking to disrupt this paradigm for farmers, Joseph Nkandu set out to understand the coffee chain inside and out through his studies at Makerere University, policy advocacy, and work with coffee farmers. He then created the National Union of Coffee Agribusinesses and Farm Enterprises (NUCAFE) in 2003 to support coffee growers in organized cooperatives in Uganda.

The Farmer Ownership Model

NUCAFE's business model, the Farmer Ownership Model, transformed the coffee industry in Uganda by shifting the focus away from simply exporting higher volumes to value addition for farmers. NUCAFE serves as a process facilitator, allowing farmers to receive up to a 250% price increase, access to processing facilities for a small fee, training sessions on central farming issues, and access to international markets while retaining ownership of the product.

Associated members are organized into cooperatives or associations and gain access to processes (e.g., grading, sorting, milling roasting) at affordable fees thereby adding more value to their coffee before it is sold. By cutting the middlemen out the equation, farmers are able to continuously own their product along the coffee value chain and sell for higher prices.

MILESTONES

1. Cafe Omukago (2009)

Together with Italian coffee exporter and roaster Caffe River, NUCAFE created a coffee shop selling NUCAFE farmers' coffee under the brand "Omukago". Farmers receive up to a 600% price increase for selling roasted coffee in comparison to the least processed form sold by the majority of Ugandan coffee farmers.

Most Ugandans drink tea and coffee shops are uncommon. However, NUCAFE desires to create local demand through popularizing Cafe Omukago, starting more coffee shops, and selling their roasted coffee in local supermarkets.

NUCAFE aspires to create jobs through coffee shops, encouraging an entrepreneurial spirit within youth to open up their own coffee shops.





2. Caffè River (2010)

NUCAFE established its first partnership with a global coffee buyer, Caffè River in Italy. Today, NUCAFE has 12 buyers across the globe, from Jinsol in South Korea, ZED Group in South Africa, to Fortune Coffee in the Netherlands.

NUCAFE seeks to further its reach into larger international markets. They seek opportunities to sell their roasted coffee abroad for maximum economic value for Ugandan coffee farmers.

3. Processing Facility (2013)

With the help of partnerships such as ABI Trust and Trademark East Africa, NUCAFE established its first processing facility in Namanve. This centralized facility allowed coffee farmers to process their product for a small fee to receive better prices from higher-paying markets. Unlike traditional middlemen, NUCAFE offers transparent, consistent pricing agreed upon in advance.

NUCAFE regularly hosts farmers from the affiliated farmer groups. Coffee farmers can taste their product (for some, it is the first time in their lives), learn about how their coffee is processed, receive trainings on different topics (i.e., sustainable farming practices) and have the opportunity to voice their concerns to NUCAFE. In addition, NUCAFE currently is constructing a new training center to train more coffee farmers from, and outside Uganda.



4. National Coffee Policy (2013):

NUCAFE influenced the development of the first and only national standard for an agricultural product in Uganda, the National Coffee Policy. NUCAFE sits on board of directors of the Uganda Coffee Development Authority, and constantly advocates for coffee to create an enabling environment.

The Ministry of Agriculture currently is looking to adopt NUCAFE's Farmer Ownership Model for other agricultural sectors.





5. Consortium for Enhancing University Responsiveness to Agribusiness Development (CURAD) (2014):

NUCAFE created a consortium with Makerere University and the National Agricultural Research Organization, establishing an agribusiness incubator called CURAD which has supported 120 startups and employed 3,000 youths. NUCAFE desires to support university students in becoming more entrepreneurial and job creators.

6. Validation of Farmer Ownership Model (2018):

A team of Santa Clara University students from Miller Center for Social Entrepreneurship interviewed 132 coffee farmers to gauge the impact of NUCAFE membership. Their results indicated that farmers are experiencing improved livelihoods due to receiving better prices for their product and farmer trainings.

TWO ROADS TO SCALING

NUCAFE's growth over the past decade and its positive impact on coffee farmers have led to a significant amount of interest from other farmer groups, universities, and governments in adopting the farmer ownership model. NUCAFE's success story has reached the coffee sectors of East Africa and Central America, where coffee farmers face the same struggles that Joseph is working to alleviate.

In addition, NUCAFE seeks to reach more farmers by replicating its model with other crops. The Ugandan government desires to develop other agricultural value chains, and existing members of NUCAFE could be part the first to experience the farmer ownership model in a different crop (i.e., cassava, plantains).

For its first initiative in scaling, Joseph and his team must now choose between replicating the Farmer Ownership Model within Uganda with different crops or outside the country with coffee.

