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# Fair Trade or Fake Trade? Specialty Coffee Certifications and Development in Uganda

Eliza Cummings

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# Fair Trade or Fake Trade?

Specialty Coffee Certifications and  
Development in Uganda

**ELIZA CUMMINGS**



Academic Director: Charlotte Mafumbo

Research Sites: Kapchorwa, Sipi Falls, Mbale, Bududa, Masaka

Fall 2015

## Dedication

This research is dedicated to the coffee farmers of Uganda and to all primary producers of agricultural goods being produced for international markets in unbalanced trade relationships.

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## Abstract

This project examined the relationship between specialty coffee certifications and development. The focus was exploring the local and national implications Fairtrade coffee certifications have in Uganda. Coffee is a critical commodity, accounting for 15 percent of Uganda's foreign exchange and engaging over one million households in production. Currently, specialty certified coffees including Fairtrade, Rainforest Alliance, and 4C make up only four percent of total production. However, under Uganda's 2013 National Coffee Policy, there is a target to expand specialty production to 24 percent. It is therefore imperative to understand how these specialty certifications affect primary producers participating as well as the capacity certifications have to promote development locally and nationally. This study surveyed 100 farmers, 55 of which were selling to Fairtrade cooperatives. It concludes that the developmental benefits derived from Fairtrade are largely local in scope. A stronger relationship between Fairtrade and development promotion was found among Robusta farmers over Arabica growers. If expansion of specialty certified coffees are to be undertaken, stronger regulations mechanisms on behalf of the Ugandan government are necessary. While Fairtrade has significant benefits for many participating producers, it should not be viewed as a viable tool for national development. Rather, government action to rectify larger global trade inequalities and complete restructuring of support for the agricultural sector are needed in order to achieve this development.

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## Introduction

Coffee was first introduced as a major cash crop early in the colonial era and remains a key commodity for Uganda today. Over 70percent of the Ugandan labor force is engaged in agriculture as its primary source of income.<sup>1</sup> Moreover, there are a total of 1.75 million Ugandan households engaged in coffee production. Uganda has historically depended on coffee as a primary export, currently responsible for roughly 15percent of total foreign exchange earnings. Globally, Uganda is the 11th largest exporter of coffee and the second largest among African countries. In 2014, Uganda produced 3.5 million 60-kilogram bags of which over 90percent was exported and only 4percent of which was specialty certified coffee.<sup>2</sup> For the purpose of this study specialty certified coffee is defined as “sustainable coffees” certified as Fairtrade, Rainforest Alliance, or Organic.

There has been a strengthening movement among consumers in the developed world to buy products that are produced in sustainable and equitable ways. This includes products that are free of child or forced labor and means of production that do not cause environmental degradation. “Conscious consumerism” is reflected in the push for specialty certified products in which the farmer, seamstress, and factory worker, whose labor produces an exported product, is protected and supported. International supply chains have become increasingly complex and largely lack transparency and accountability leading to easy exploitation of primary producers and laborers. Campaigns with slogans like “crop to consumer” and “produce to plate” have developed in response to this issue in an attempt to connect producers to consumers and shine a light on the roots of complex supply chains.

Last year 8.9 billion kilograms of coffee were consumed around the world.<sup>3</sup> In the US alone, over 400 million cups of coffee are consumed daily.<sup>4</sup> Coffee is a critical global commodity produced in over 40 different developing countries. As a crop, it is largely produced in the Global South but consumed in the Global North. This predominantly South to North trade is part of the reason coffee has been targeted as a product for conscious consumerism. With reports of human rights abuses and marginal prices being paid to farmers in the developing world, some

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<sup>1</sup> Salami, Adeleke, Abdul B. Kamara, and Zuzana Brixiova. "Smallholder Agriculture in East Africa: Trends, Constraints and Opportunities." African Development Bank Group. April 20, 2010. Accessed October 21, 2015.

<sup>2</sup> James Kizito, interview by Eliza Cummings, Coffee House UCDA Office, Kampala, November 19, 2015.

<sup>3</sup> "World Coffee Consumption." International Coffee Organization. September 30, 2015. Accessed November 30, 2015. <http://www.ico.org/prices/new-consumption-table.pdf>.

<sup>4</sup> Erdos, Joseph. "America's Coffee Obsession: Fun Facts That Prove We're Hooked." The Huffington Post. November 2, 2011. Accessed November 30, 2015. [http://www.huffingtonpost.com/2011/09/29/americas-coffee-obsession\\_n\\_987885.html](http://www.huffingtonpost.com/2011/09/29/americas-coffee-obsession_n_987885.html).

concerned consumers of the West have demanded Fair Trade coffee that supposedly protects the primary producers.

Although specialty certified coffees are bought at significant mark-ups in US and European markets compared to conventional coffee, preliminary research conducted in Kapchorwa with organic coffee farmers indicated that many of these farmers do not reap the benefits of the premium price. Fairtrade certifications are supposed to solve this discrepancy by mandating profit sharing, fair wages, and promoting higher quality of life for producers. Recent reports from the past five years have claimed that Fairtrade falls short of those promises while simultaneously creating the illusion for Western consumers that they are helping poor, African farmers. What are the real effects of specialty certification on different members of the coffee supply chain? Who is profiting off the higher prices being charged for Organic and Fair Trade coffee? What ways are these different actors benefiting? What role is the Ugandan government playing in coffee production as a tool for development, and what role should it play?

The larger development context that this study is situated within is the “Trade not Aid” paradigm that was introduced in the twentieth century. The slogan, “Trade not Aid,” was proliferated after the United Nations Conference on Trade and Development (UNCTD). It was adopted to promote fair trade terms targeting developing-to-developed country trading.<sup>5</sup> This paradigm asserts that economic growth and development of developing countries cannot be achieved through aid which increasingly appears to be ineffective and effectively a blackhole for funds that do not result in meaningful development. Trade is alternatively a way to engage countries in international markets and spur real domestic growth and social development. Does promoting fair trading terms through mechanisms like Fairtrade certification have real, positive effects on economic and social development? Are the benefits of this development realized locally or nationally?

This study set out to explore the relationship of specialty coffee certifications and development in Uganda. In order to examine this relationship, 100 farmers were interviewed using administered surveys generating data relating to coffee production, farmer incomes, market knowledge, labor usage, certification understanding, and satisfaction with buyers. Farmers were asked for opinions on the role of the Ugandan government in the coffee sector as well as the implications that liberalization of the economy have had on primary producers. These farmers originated from Kapchorwa, Sipi Falls, Mbale, Bududa, and Masaka. In addition

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<sup>5</sup> “Sixty Years of Fair Trade: A Brief History of the Fair Trade Movement.” European Fair Trade Association. November 1, 2006. Accessed October 18, 2015.

to primary data collection, over a dozen interviews were conducted with relevant government officials, cooperative leaders and staff, and international trade experts.

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## Background

### **HISTORY OF COFFEE PRODUCTION AND MARKETING IN UGANDA**

#### *Colonial Era 1900-1962*

Coffee was introduced as a major cash crop under British colonial rule. During the colonial period, a centralized coffee marketing system was established that was dominated by Asian and British large-scale capital. African producers were marginalized and largely relegated to selling coffee through the state-controlled Coffee Marketing Board that fixed coffee producer prices. “Some African marketing groups like the Associations of Growers managed to procure licenses to operate estate coffee factories and could sell their coffee at estate pricing rates.”<sup>6</sup> It is important to note that these groups were required to sign contracts with Asian firms resulting in African producers being “subjected to Asian capital and government control.”<sup>7</sup> A dual marketing system was created, in which a few Asian and British firms had direct access to auctions while African producers had to market their coffee through the state-controlled system of cooperatives and the Coffee Marketing Board.

#### *Post-Independence 1962-1969*

With independence in 1962 came post-colonial, coffee marketing policies that “were couched in nationalistic and developmentalist language, which emphasized interventionism for the protection and improvement of the ‘common man,’”<sup>8</sup> The immediate post-independent government instituted protectionist policies that were meant to protect the African producer from the “shrewd Asian traders.”<sup>9</sup> The dual marketing system of the colonial period still existed which led to the post-independence government instituting policies that increased state control over coffee production. These policies include the Bugisu Act along with the Cooperative Societies Act of 1963 and 1964. These policies “increased control and influence over the cooperatives

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<sup>6</sup> Asimwe, Godfrey B. *The Impact of Post-Colonial Policy Shifts in Coffee Marketing at the Local Level in Uganda: A Case Study of Mukono District, 1962-1998*. Shaker Publishing B.V., 2002. 53.

<sup>7</sup> Ibid

<sup>8</sup> Ibid, 57

<sup>9</sup> Ibid, 61

ostensibly on behalf of the 'common man.'"<sup>10</sup> It is important to note the prominent role that ethnicity played in post-independence coffee marketing policies. Buganda, the major Robusta coffee region, was also a politically important region for the post-independence government. Maintenance of high coffee prices was set under political interests to maintain good relations with the Buganda region. The Coffee Marketing Board therefore became a political tool rather than a tool for meaningful development of the 'common man.' The cooperative institutions were also used for furthering political interests leading to gross overstaffing through patronage politics.<sup>11</sup> Cooperatives were meant to be used for provision of extension services, a channel for subsidization of agricultural in-puts, mechanism for rural transformation, and most importantly, a way to legitimize "the post-independence state as developmentalist."<sup>12</sup>

However, the alternative private channel to the state-controlled cooperatives offered farmers more competitive prices with better terms of payment. As this channel began outcompeting cooperatives, the government of Uganda began instituting policies that suppressed private capital, bolstering the state system.<sup>13</sup> In order to justify this increasing state control, the government claimed that quality deterioration of coffee was associated with actors in the private channel who were also exploiting farmers.<sup>14</sup> These increasingly protectionist policies culminated in 1969 when the Coffee Marketing Board Act established a complete state monopoly system.

### *State Monopoly Era 1969-1990*

In the period between 1969 and 1990, Ugandan coffee production operated under a state-controlled marketing system. This system was used for "the resource interests of the state vis-a-vis the socio-political interests of the different regimes in redistribution of resources for building or undermining power bases."<sup>15</sup> With each regime from Obote to Amin to Museveni, coffee marketing policies were used in order to achieve political ends. Policies under different regimes led to varying outcomes for the sector with shifting coffee production, prices, and reliance on the commodity.

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<sup>10</sup> Ibid, 71

<sup>11</sup> Ibid, 70

<sup>12</sup> Ibid

<sup>13</sup> Ibid, 96

<sup>14</sup> Ibid, 96

<sup>15</sup> Ibid, 112

The Amin regime, for example, relied heavily on coffee through indirect and direct taxation especially “as the resource base of the regime contracted”<sup>16</sup> this led to decreasing prices paid to producers which in turn led to farmers neglecting and even uprooting coffee trees to instead focus on production of other emerging cash crops like bananas.<sup>17</sup> The economic war Amin released on Uganda led to major deterioration of cotton and coffee production while simultaneously relying increasingly on the crop. Coffee rose “from 50% of total exports in 1970 to over 95% in 1975.”<sup>18</sup>

Post-independence, almost all of the subsequent regimes instituted policies acting under the guise of developmental rhetoric for uplifting ‘the common man’ while really operating as means to achieve political goals. The centralized marketing system was weak due to “poor checks and balances and unequal power relations between memberships and the leaderships.”<sup>19</sup>

### *Liberalization 1990*

Under the NRM and Museveni’s government the state-controlled monopoly disintegrating following Structural Adjustment Programs leading to the complete liberalization of the Ugandan economy. It is important to note that liberalization of coffee marketing as a policy shift was not devoid of political goals. Museveni had an interest in building a larger middle-class. Furthermore, even after liberalization, the regime “continued to access the coffee resource through changed methods of taxation.”<sup>20</sup> Liberalization had mixed effects on the sector. On the one hand, it eliminated the inefficiencies and corruption of the state-monopoly and developed “improved chain flow and method of payment to producers.”<sup>21</sup> However, it also led to significant price fluctuations experienced by farmers and generated large disparities among producers. While large and medium-scale producers were prepared to enter the market, small-holder farmers were exposed and poorly positioned to benefit from higher market prices.<sup>22</sup> This means

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<sup>16</sup> Ibid, 126

<sup>17</sup> Ibid, 127

<sup>18</sup> Ibid

<sup>19</sup> Ibid, 180

<sup>20</sup> Ibid, 264

<sup>21</sup> Ibid

<sup>22</sup> Ibid, 264

that there were “variations in terms of the impact of liberalization on the different producers”<sup>23</sup> with smaller producers being left disorganized and disenfranchised while larger producers developed beneficial relationships with new multi-national corporations who came to dominate the market.

The Uganda Coffee Development Authority was created in 1991 to operate as a regulatory and monitoring body to oversee the development and activities of the sector. The UCDA is tasked with “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.”<sup>24</sup> In 2005, the UCDA in partnership with the National Union of Coffee Agribusiness and Farm Enterprises (NUCAFE) drafted a National Coffee Policy which was finally adopted and came into force in 2013. The policy represents a comprehensive and holistic approach to boosting the sector with the following key objectives: increasing production and productivity, improving quality and value addition activities, expanding market information and intelligence, as well as institutional development and accountability.<sup>25</sup> Implementation of this policy is divided between different stakeholders and government entities.

## **HISTORY AND STRUCTURE OF SPECIALTY CERTIFICATIONS**

It is important to note that contemporary unbalanced trade relationships stem from long histories of extractive trade that date back to early colonialism. The first alternative trading organizations that attempted to connect primary producers in the developing world to consumers in the developed world were founded by religious organizations and non-governmental organizations in the late 1940s. The Fairtrade movement of today has its roots in 1960s Europe where organizations like Oxfam began projects like “Helping-by-selling” where handicrafts were sold in retail stores in European countries. In 1968, the United Nations Conference on Trade and Development adopted the slogan “Trade not Aid” to emphasize the need to make international developing-to-developed trade relationships more equitable.

These organizations focused on artisans producing handicrafts. Over time, demand for these products plateaued as their appeal and novelty decreased. At the same time commodity prices for agricultural goods experienced periods of significant instability, and there was growing

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<sup>23</sup> Ibid, 265

<sup>24</sup> "Uganda Coffee Development Authority." Uganda Coffee Development Authority. Accessed December 6, 2015. <http://www.ugandacoffee.org/>.

<sup>25</sup> James Kizito, interview by Eliza Cummings, Coffee House UCDA Office, Kampala, November 19, 2015.

concern over the impacts structural adjustment programs were having on primary producers. The plight of farmers in developing countries arose as an emerging concern for Fairtrade activists who, in the early 1980s, had shifted the focus of the labelling initiative toward agricultural goods. The first two commodities to be targeted were coffee and tea.

For over a century, South to North exploitive trading relationships existed. Coffee was seen as a particularly important commodity in this context since it is predominantly produced in the Global South but consumed in the Global North. Prior to the creation of ethical trade labelling such as Fairtrade and ecological certifications, prices of coffee internationally were regulated by the International Coffee Organization (ICO) which followed specifications set forth in the International Coffee Agreement of 1962. The agreement “evolved as a means to stabilize the chronic price fluctuations and endemic instability of the coffee industry.”<sup>26</sup> The Agreement was renegotiated in 1976 after a frost in Brazil led to significantly higher coffee prices. During this negotiation, the price quotas that were originally established were suspended. Without price quotas, an international coffee crisis occurred in 1988 when supply of coffee was much higher than demand and the market became flooded. This coincided with the United States losing interest in supporting the agreement in 1989, which it had previously been engaged in as part of larger geopolitical interests.<sup>27</sup> This resulted in rampant cheating on behalf of ICO members and eventual disintegration of the organization; although, it still exists in name.<sup>28</sup> This led to the emergence of Fairtrade certified coffee later that year with the goal of protecting small-holder coffee farmers in the developing world.

Over the next ten years multiple Fairtrade labelling organizations emerged. In 1997, four dominant organizations came together to create Fairtrade Labelling Organizations International (FLO) now known as Fairtrade International. This was done to create international standards, regulations, and structures in Fairtrade labelling schemes. Presently, two joint organizations dominate the Fairtrade labelling system: Fairtrade International which sets standards and FLO-CERT which carries out certification and audits of producers.

Within the same time frame, growing ecological concerns grew among consumers in the Western world giving rise to other labelling schemes like Rainforest Alliance which was started

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<sup>26</sup>Haight, Colleen. "The Problem with Fair Trade Coffee (SSIR)." Stanford Social Innovation Review. August 1, 2011. Accessed December 3, 2015. [http://ssir.org/articles/entry/the\\_problem\\_with\\_fair\\_trade\\_coffee](http://ssir.org/articles/entry/the_problem_with_fair_trade_coffee).

<sup>27</sup> Haight, Colleen. "The Problem with Fair Trade Coffee (SSIR)." Stanford Social Innovation Review. August 1, 2011. Accessed December 3, 2015. [http://ssir.org/articles/entry/the\\_problem\\_with\\_fair\\_trade\\_coffee](http://ssir.org/articles/entry/the_problem_with_fair_trade_coffee).

<sup>28</sup> Haight, Colleen. "The Problem with Fair Trade Coffee (SSIR)." Stanford Social Innovation Review. August 1, 2011. Accessed December 3, 2015. [http://ssir.org/articles/entry/the\\_problem\\_with\\_fair\\_trade\\_coffee](http://ssir.org/articles/entry/the_problem_with_fair_trade_coffee).

in 1986 with its first certified coffee farm in 1995.<sup>29</sup> All of the sustainable and specialty certifications operate under the same pre-conditions: complex global supply chains, abuse of resources or people on the supply side of these global supply chains, and concern over these abuses on the demand side of the supply chain. All of these ethical and sustainable labels thus operate to counteract the information asymmetries that exist between suppliers and consumers by supposedly ensuring (through the labelling schemes monitoring and evaluation systems) that abuses on the supply side do not occur so that consumers are confident when they buy a product that it is free of harmful impacts on primary producers or the environment. A difference between Fairtrade and other eco-labelling certifications however are that “unlike other certification schemes, like the eco-labelling of organic food and sustainable forest products, which focus strictly on conditions at the point of production, Fair Trade’s certification criteria is unique in that it covers both trade and production conditions.”<sup>30</sup>

The standards of these labelling schemes differ from one to another although there has been talk about creating super-certifications that build stronger overlapping relationships between schemes. The current Fairtrade standards for coffee producers cover 32 pages and include a variety of core and developing requirements. Core requirements are principals that have to be consistently complied with in order to obtain and retain certification while development requirements are ones in which the certified organizations must be continually making improvements. Requirements span areas of environmental protection including pest management, use of chemicals, soil and water protection, waste disposal systems, use of GMOs, protection of biodiversity and limits of carbon emissions. There are also labor standards that include banned use of child or forced labor, conditions of employment, and occupational health and safety. Moreover, Fairtrade has standards for the organization of producer groups: namely that coffee certification is only given to cooperatives with democratic structures wherein at least half of the cooperative are small-holder farmers. Other labels like 4C and Rainforest Alliance require environmental protection and sustainable agricultural practices to ensure both human and ecological longevity.

With the proliferation of specialty certified coffee labels and an increasing number of farmers being included in these schemes, it is imperative to understand the impacts they have on the producer communities they are supposed to be helping. Whether the goals set out by

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<sup>29</sup> "Rainforest Alliance." Our History. Accessed December 6, 2015. <http://www.rainforest-alliance.org/about/history>.

<sup>30</sup> Raynolds, Laura T. "Poverty Alleviation Through Participation in Fair Trade Coffee Networks: Existing Research and Critical Issues." 2002, 5.

these international organizations are being achieved is highly contested and requires further examination.

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## Literature Review

The literature on the relationship between specialty certified coffee and development is extensive. A large portion of this literature focuses on Fairtrade certifications since some of the aims of Fairtrade certification are rectification of global inequalities and reduction of rural poverty. The majority of literature focuses on Latin America and the Caribbean, where Fairtrade and other sustainable certifications for coffee are heavily concentrated. The literature is also highly divided with one camp of scholars asserting that Fairtrade is the solution to trade inequality in the global supply chain while the other camp vehemently criticizes Fairtrade for failing to bring to fruition its proposed objectives. This literature review is just a small sampling of relevant work that explores first critiques of Fairtrade certification's ability to achieve real development. This is followed by proponent authors of Fairtrade that highlight direct and indirect benefits for primary producers derived through certifications. Finally a brief note is made about literature that is focused on certifications from a consumer focus rather than a producer orientation.

### **CRITIQUES OF FAIRTRADE COFFEE CERTIFICATIONS**

In an article written by Colleen Haight, "The Problem with Fair Trade Coffee" several critiques of Fairtrade certified coffee are discussed. The critique begins with the assertion that "FLO—the Fairtrade Labelling Organizations International umbrella group—nor Fair Trade USA, the American standards and certification arm of FLO, has sufficient data showing positive economic impact on growers." Although fair trade certifications were created to uplift primary producers and rectify inequalities in global supply chains, Haight argues that there is no evidence that Fairtrade has actually made meaningful progress towards this end.

Another critique highlighted in the piece is the fact that the minimum prices associated with Fairtrade certification are only given to producing organizations, meaning the premium prices being paid by consumers do not actually reach the farmers. The author also asserts that low consumer demand for Fairtrade coffee and varying quality of beans leads to only a portion

of certified coffee being sold for certified prices. Depending on demand for certified coffee “The rest must be sold on the market at whatever price the quality of the coffee will support.”<sup>31</sup>

Haight also argues that Fairtrade’s model is outdated and although minimum prices have been upwardly adjusted over the past decade, “rules and regulations have remained fairly static.”<sup>32</sup> She asserts that Fairtrade’s model assumes a naive and isolated producer without access to price information, easily cheated by middlemen. Haight claims that “growers have access to coffee price fluctuations on their cell phones and, in many cases, have a keener understanding of how to negotiate with foreign distributors to get the best price per pound.”<sup>33</sup> Haight also points out that the documentation and records associated with certification standards do not fit the reality of most producers where this hurdle “in addition to being time-consuming, has also raised language and literacy barriers.”<sup>34</sup>

A final critique is that Fairtrade excludes the most vulnerable and poor population in rural producing areas. Haight explains that due to Fairtrade requirements for all producers to be part of cooperatives in order to benefit from certification, migrant laborers who do not have enough resources to own land and therefore cannot be included in cooperatives are left to fend for themselves.

The author does however admit that Fairtrade’s “legacy may be greater consumer awareness among coffee drinkers.”<sup>35</sup> Haight explains that consumer-facing organizations like Fair Trade USA have indeed generated American consumer consciousness around the plight of the poor coffee farmer. Moreover, Dennis Rice, founder of Fairtrade USA, is quoted in the article stating, “One-acre farmers standing alone are pretty much always going to be victimized by stronger market forces, be they middlemen or moneylenders. At those farm unit sizes and yields, no one is viable in the global market if they stand alone.”<sup>36</sup>

A second critique of Fairtrade comes from Jeremy G. Weber in his article, “How Much More Do Growers Receive for Fair Trade-organic Coffee?” Weber’s study also calls into question the impact price premiums from certified coffees actually have on producers. In his

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<sup>31</sup> Haight, Colleen. "The Problem with Fair Trade Coffee." Stanford Social Innovation Review. August 1, 2011. Accessed December 3, 2015. [http://ssir.org/articles/entry/the\\_problem\\_with\\_fair\\_trade\\_coffee](http://ssir.org/articles/entry/the_problem_with_fair_trade_coffee).

<sup>32</sup> Ibid

<sup>33</sup> Ibid

<sup>34</sup> Ibid

<sup>35</sup> Ibid

<sup>36</sup> Ibid

study of coffee growing households in southern Mexico he concludes that price premiums alone “have a limited potential to increase household returns from growing coffee.”<sup>37</sup>

The third critique presented by C. Cramer, D. Johnston, C. Oya, and J. Sender in their work, “Fairtrade cooperatives in Ethiopia and Uganda: uncensored” represents the most comprehensive study that has been carried out on Fairtrade cooperatives in East Africa. The authors, through four years of field work, assessed Fairtrade cooperatives in Uganda and Ethiopia producing a range of goods including coffee, tea, and cut-flowers. They, like Haight, call into issue the inconsistent terminology of “producer” used for Fairtrade certification highlighting that the term “ignores differentiation that some ‘smallholders’ operate holding that are at least 20 times larger than the holding operated by the average or model small-holder.”<sup>38</sup>

A key critique the authors vehemently assert is that in these “small-holder” farms the ongoing presence of hired, waged labor is ignored. While Fairtrade has standards for hired labor, these standards do not apply to waged farm laborers in the coffee sector. The authors state, “Few people know or protest about the gulf between wages received by *hired laboureres* and the incomes received by the African coffee and tea farmers who are their employers.”<sup>39</sup> They also critique the structures of Fairtrade cooperatives for being dominated by large, male producers, typically the top 10% of coffee sellers.<sup>40</sup> They assert that donor support to cooperatives and the Fairtrade premiums operate under a “remarkably naive assumption that the benefits of this support are distributed evenly amongst the group.”<sup>41</sup> The authors also discuss the disconnect between what consumers imagine to be happening on the ground and the realities of what these certifications actually accomplish. They do however state that certifications are not necessarily failing to reduce rural poverty but rather “that the distributional consequences and poverty-reducing impact of Fairtrade interventions have to be reassessed on the basis of a different set of assumptions and within a different theoretical framework.”<sup>42</sup> They believe in targeting the waged workers, who are the poorest of the poor in these rural settings, by stabilizing or increasing wage incomes is a more effective strategy for poverty alleviation

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<sup>37</sup> Weber, Jeremy G. "How Much More Do Growers Receive for Fair Trade-organic Coffee?" *Food Policy* 36 (2011): 678.

<sup>38</sup> C. Cramer, D. Johnston, C. Oya & J. Sender (2014) Fairtrade cooperatives in Ethiopia and Uganda: uncensored, *Review of African Political Economy*, 41:sup1, S116.

<sup>39</sup> Ibid

<sup>40</sup> Ibid, 119

<sup>41</sup> Ibid, 120

<sup>42</sup> Ibid, 121

than a narrow focus on the farmer. The authors state, “few if any steps have been taken to monitor rigorously the wages and working conditions of casual and seasonal wage workers”<sup>43</sup> and further point out that not a single waged worker was contacted by Fairtrade auditors on any of the large employer farms within the study. This gap in Fairtrade’s approach to addressing rural poverty is critical.

## **PROPONENTS OF FAIRTRADE CERTIFICATIONS**

In Laura T. Raynold, Douglas Murray, and Peter Leigh Taylor’s work, “Fair Trade Coffee: Building Producer Capacity via Global Networks” the authors acknowledge the limitations and contradictions within Fairtrade but conclude that it generates meaningful development outcomes. The article utilizes a comparative analysis of seven coffee producing cooperatives in Latin America to assess the material and non-material benefits being derived from Fairtrade. They conclude that in the short-run, financial benefits are most dominant with Fairtrade certifications. However, the greater impacts of Fairtrade should be understood in the long-term capacity building that occurs which contributes to sustainable and ongoing development in meaningful ways. They refer to the coffee sector as “the backbone of the Fair Trade system”<sup>44</sup> and cite growing markets in North America as evidence of the potential Fairtrade coffee has to expand. In their analysis they also acknowledge limitations that external factors like political, economic, and market conditions help shape the success of different certified cooperatives. However, they also assert that “Fair Trade participation can help co-operatives respond to state cutbacks, meet rising coffee quality expectations, and enter new specialty markets.”<sup>45</sup> In their conclusion, they note a key challenge for Fairtrade cooperatives moving forward is balancing the “inherent contradictions between social equity and economic efficiency” that are part of Fairtrade schemes, the authors argue that the only way to resolve this ongoing contradiction is if all North-South trading relationships adopt ethical trading standards.

Ruerd Ruben, Ricardo Fort, and Guillermo Zúñiga-Arias also present benefits of Fairtrade certifications in their work, “Measuring the Impact of Fair Trade on Development.” This study measures the impact of Fairtrade using coffee and banana cooperatives in Peru and Costa Rica as case studies similarly asserts that although Fairtrade has limitations, there are

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<sup>43</sup> Ibid, 123

<sup>44</sup> Raynolds, Laura T., Douglas Murray, and Peter Leigh Taylor. "Fair Trade Coffee: Building Producer Capacity via Global Networks." *Journal of International Development* J. Int. Dev. 16 (2004): 1109.

<sup>45</sup> Ibid

important, potentially less obvious benefits that must be recognized. The authors claim that while the impact Fairtrade has on increasing household income is modest, “important benefits are found to include capitalizing farmers and strengthening their organizations.”<sup>46</sup> The authors explain that Fairtrade has positively affected the quality of life of primary producers through improved returns and continual strengthening of farmer organizations at multiple levels including locally and nationally.<sup>47</sup> They do however state that the economic benefits of many of the cooperatives are gained substantially through organic premium prices with the additional income from Fairtrade being “relatively modest.”<sup>48</sup> Similarly to Reynolds, et. al. emphasis is placed on the indirect effects Fairtrade produces as being more substantial and important than the impacts on household incomes. Moreover, Ruben, Ricardo, and Guillermo also highlight that the long-term, stable market outlets achieved through Fairtrade trading contracts have an even greater positive effect than the price advantage of certified goods. The authors conclude stating, “Attention to Fairtrade will focus increasingly on aspects of co-ownership, co-investment, and co-management in the supply chain.”<sup>49</sup>

Finally Laura T. Raynold’s independent work, “Mainstreaming Fair Trade Coffee: From Partnership to Traceability” highlights the shifts in Fairtrade marketing and possible implications of changes. Raynold discusses the diversity among Fairtrade producers specifically in relation to supplier and buying relationships. Raynold notes that Fairtrade originated as alternative trade organizations, dedicated to uplifting primary producers centered around ideas about social justice and rectifying global inequalities. However, with Fairtrade’s rising popularity and expansion to include ever increasing numbers of producers, fears “that Fair Trade mainstreaming may bolster market shares while undermining movement principles”<sup>50</sup> highlights issues of scalability and sustainability with specialty certifications. The author states that there are “significant variations among Fair Trade buyers based on their mix of market and movement priorities.”<sup>51</sup> The author also asserts that alongside the growth of mainstreaming Fairtrade coffee, gourmet coffees have grown in demand and market shares, thereby generating “a new

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<sup>46</sup> Ruben, Rued, Ricardo Fort, and Guillermo Zúñiga-Arias. "Measuring the Impact of Fair Trade on Development." *Development in Practice* 19, no. 6 (2009): 777.

<sup>47</sup> *Ibid*, 779

<sup>48</sup> *Ibid*, 782

<sup>49</sup> *Ibid*, 787

<sup>50</sup> *Ibid*

<sup>51</sup> *Ibid*, 1090

segment of quality-driven Fair Trade buyers.”<sup>52</sup> Raynold suggests that pursuit of high-quality, gourmet Fairtrade coffee is the most viable path to better positioned certified coffees in global markets. Raynold concludes that “Fair Trade coffee provides important openings for alternative enterprises and relations particularly where new qualities resonate with consumers and can be controlled by producers.”<sup>53</sup>

## **REALITY OF CONSCIOUS CONSUMERISM**

Although this study is focused on the production side of the specialty certified coffee supply chain, it is important to note that many studies have been done regarding consumer behavior and preferences in terms of ethical trade products. An example of this literature is the work of Patrick De Pelsmacker, Liesbeth Driesen, and Glenn Rayp titled, “Do Consumers Care about Ethics? Willingness to Pay for Fair-Trade Coffee.” Their study assessed consumer behavior through a survey of 808 Belgian respondents. The authors note that there is a significant “attitude-behavior” gap in terms of ethical labeled products. Although consumers report in opinion polls that they care about labor rights, environmental protection, and human rights, their actual willingness to pay more for ethically produced products does not match consumers attitudes. As the authors explain, unfortunately “attitudes alone are generally poor predictors of buyer behavior.”<sup>54</sup> This results in limited markets for ethically produced goods in European and American markets suggesting that these certifications are much more of a niche rather than viable strategy for development with expansion potential. Interestingly, other studies on ethical consumer behavior have concluded that fair trade is the “most important issue of ethical concern in consumer behavior.”<sup>55</sup> This suggests that Fairtrade may not be doomed after all. It is important to note that Fairtrade coffee makes up a very small percentage of most European markets, only accounting for 0.9 percent in France, 0.4 percent in Finland, 3 percent in the Netherlands, and 1 percent in Belgium where this study was carried out.<sup>56</sup> The study concluded that there was in fact an attitude-behavior gap among consumers. Only 10 percent of

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<sup>52</sup> Ibid, 1091

<sup>53</sup> Ibid

<sup>54</sup> Pelsmacker, Patrick De, Liesbeth Driesen, and Glenn Rayp. "Do Consumers Care about Ethics? Willingness to Pay for Fair-Trade Coffee." *Journal of Consumer Affairs* 39, no. 2 (2005): 364.

<sup>55</sup> Ibid, 368

<sup>56</sup> Ibid, 370

the sample were willing to pay the current Fairtrade premium price of coffee in Belgium which is a 27 percent markup.

An issue of Fair Trade thus is the well-intentioned but fickle consumer. Many studies have indicated that there is an attitude-behavior gap in ethical consumerism. If that is in fact the case, and the market for ethical products is overrepresented in opinion polls but underrepresented in actual consumer behavior, further research and attention should be paid to the consumer side of the supply chain.

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## Justification

Coffee is a critical commodity in Uganda. It not only is a significant earner of foreign exchange but it is also the primary income source for over one million Ugandan households who depend on coffee to educate their children, pay for medical services, and finance the basic necessities of day-to-day life. As David Muwonge from NUCAFE highlights, “At the household level over the past 70 years, coffee has demonstrated that it has a direct relationship with development: where the children of those who had coffee achieved an education and then went on to do other jobs, and even when you look at the income level and health status of communities that have had coffee went further ahead compared to others that did not.”<sup>57</sup> Coffee therefore continues to have both local and national implications for Ugandan development.

With the erosion of cooperative-unions and complete liberalization of the market, farmers and laborers were exposed to a new business environment where they found themselves largely unprotected. Specialty certifications, specifically Fairtrade, supposedly mitigate some of the negative impacts experienced by farmers in totally liberalized business environments. This fact is widely contested by academics, with some vehemently asserting that Fairtrade is the answer to global trade inequality and rural poverty while others argue that Fairtrade falls very short of its promises to truly uplift the producers on the bottom of the supply chain. Other certifications such as Rainforest Alliance and 4C seek to promote environmental sustainability and protection which are critical to examine when assessing long-run development outcomes. This study seeks to understand how specialty certifications do or do not benefit coffee farmers and workers in the Ugandan context and examine more largely, what are certifications role in promoting development.

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<sup>57</sup> David Muwonge, interview by Eliza Cummings, NUCAFE Office Kampala Coffee House, November 26, 2015.

Moreover, one of the many ambitious targets set out in Uganda's National Coffee Policy is the expansion of specialty coffee (Fairtrade, 4C, Rainforest Alliance, etc) from its current 4 percent up to 24 percent. It is therefore critical to understand how these certification schemes affect the primary producers participating and what development impacts this expansion may have both locally and nationally.

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## Objectives

- (1) Examine the differences between specialty coffee farmers and workers and conventional, commercial farmers and workers
- (2) Identify differences in benefits among members of the coffee supply chain (laborers, farmers, cooperative leaders, roasters, retailers, multinational firms)
- (3) Ascertain the role of the Ugandan government in promoting or supporting coffee production and trade
- (4) Assess specialty coffee certifications role in promoting development

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## Methodology

### **RESEARCH APPROACH**

In order to examine the development outcomes of specialty coffee farmers and workers the researcher set out to interview 90 farmers. Originally the three proposed research sites were Kapchorwa, Mbale, and Kibinge. These sites were selected based on the location of companies or cooperatives with specialty certifications. In Kapchorwa, the researcher was interested in examining Kawacom, a large multi-national corporation who is Rainforest Alliance and 4C (organic) certified. The researcher's prior experience living with a host family in Kapchorwa where ethnographic study of the coffee farming community of Kapchese was completed also influenced the choice of the site. In Mbale, Gumutindo, a large and well established Fairtrade certified cooperative has its head office. Finally, Kibinge located in Masaka is home to Kibinge Coffee Cooperative, a cooperative that has been Fairtrade certified since 2011. At each of the three research sites, 30 farmers were to be interviewed including 20 farmers selling to the identified buyer and 10 farmers selling to middlemen or uncertified companies. This structure allowed the researcher to have comparison groups to examine the differences between those who are part of certification schemes and those who are not. Although these groups are not

perfect controls for the “treatment” groups of certified farmers, they allowed the researcher to understand the benefits being derived from certifications for farmers and workers.

In the end, the research expanded to 100 farmers due to some complications with Gumutindo. Due to the limited resources and time at the height of Arabica buying season that Gumutindo had, they were unable to fully host the researcher. While interviewing farmers in Sipi Falls however, the researcher discovered Coffee A Cup, a different Fairtrade certified cooperative operating throughout the Mt. Elgon region. The research expanded to work with Coffee A Cup, who graciously agreed to participate and provide resources including guides and translators. A total of 20 Kawacom, 25 Coffee A Cup, 10 Gumutindo, and 15 commercial, conventional farmers were interviewed in the East between Kapchorwa, Sipi Falls, and Bududa. The research in Masaka proceeded as proposed with 20 Kibinge cooperative member farmers participating along with 10 non-member coffee farmers selling to middlemen.

## **METHODS AND TOOLS FOR DATA COLLECTION**

The primary methods of data collection were surveys and interviews. Observation, a thick description approach, and secondary sources were also utilized in order to triangulate information and data collected through the two primary methods.

### *Method 1: Farmer Interviews— Tool Utilized: Administered Surveys*

The researcher designed a 54 question survey divided into the following sub-sections: demographic information, coffee production, labor information, coffee supply chain data, certification knowledge, and other. The survey questions and administered survey template are included in the appendix as Appendix 1 and Appendix 2. Under demographic information the name, age, gender, village, nationality, and contact information of participants were recorded. Under the coffee production section, questions were created to assess the volume and size of coffee production along with other farm activities. Under the labor information section, the researcher assessed the presence and extent of the use of waged workers on coffee farms as well as wage volatility for those workers. Under the coffee supply chain data section, the researcher ascertained where and to what buyer each farmer sold coffee, price information, market knowledge, sufficiency of income derived from coffee production, and satisfaction with primary buyers. This satisfaction was measured using a three question attitudinal Likert scale. The three questions related to satisfaction with offered prices, extension services, and perceived overall benefit from the buyer relationship. Each farmer was asked to rate their

primary buyer on a scale from 1 to 10. This attitudinal measure is limited to providing relational attitude rather than absolute measures of attitudes. However, this method allowed the researcher to generate relative levels of satisfaction among different groups of farmers. Under the certification knowledge section, farmers were asked if and for how long they have been registered members with cooperatives or companies as well as views and knowledge of Organic and Fairtrade certifications. In all of the above sections, farmers were asked a combination of complimentary closed and open-ended questions. This structure of questions allowed the researcher to obtain a large amount of data with a ranging variety of complexity that enriched the data analysis. For example, the closed question, “Do you think Fairtrade certifications benefit farmers and laborers?” generated yes or no responses, the following open question “How does Fairtrade benefit farmers and laborers?” gave more detail and indication about what ways farmers actually experience benefits from specialty certification. The use of open ended questions also ensured that the responses were not biased on pre-conceived thoughts or opinions held by the researcher. Under the final section of the survey, farmers were asked open-ended questions about their greatest perceived challenges, opinions on the role of government in the coffee sector, and the effects of liberalization on farmers. All of the data and information collected was transferred into a data spreadsheet from which it was analyzed.

The use of administered surveys ensured a 100% response rate and contributed to greater reliability of data collected since questions were able to be explained when confusion arose establishing consistent understanding and answers. Moreover, this type of administration generated personal contact between the researcher and participant allowing the researcher to explain the purpose and relevance of the study.<sup>58</sup> This tool and type of administration was also selected due to the level of literacy of the majority of participants. A limitation should be acknowledged that due to the required translation of some interviews and the use of different translators at different research sites, the consistency of data collection is imperfect. However, overall reliability of the data collected was increased through the direct administration of the survey.

### *Method 2: Expert Interviews—Tool Utilized: Interview Schedule*

In addition to the primary data collection undertaken with farmers, several interviews were conducted with government officials, cooperative leaders and staff, and other relevant

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<sup>58</sup> Kumar, Ranjit. *Research Methodology : A Step-by-Step Guide for Beginners*. 3rd Edition ed. London: SAGE Publications, 2011,147-148.

organizations. These included interviews with representatives from the UCDA, NUCAFE, Uganda Coffee Farmers Alliance, the Ministry of Finance and the Southern and Eastern African Trade Information and Negotiation Institute (SEATINI).

All of the interviews were semi-structured and followed similar interview schedules which can be found as Appendix 3 along with the list of interviewees as Appendix 4. This type of interview was selected in order to ensure central themes and topics were covered by a multitude of diverse stakeholders while still allowing new topics and issues to emerge and be pursued. All of the interviewees were asked about the current status of the coffee sector, their view on the role government is and should be playing, their knowledge and opinions regarding specialty coffee certifications, and the effect liberalization has had on the agricultural sector specifically farmers. In addition to these topics, specific questions tailored to each organization or individual were asked.

All interviews were recorded, transcribed, and underwent narrative analysis by the researcher which added to the triangulation of information and data collected. Although some of the opinions presented by the interviewees were divergent, the researcher compared narratives with primary data collection and secondary sources to develop the most holistic and objective conclusions.

### *Method 3: Observation*

The administration of surveys allowed the researcher to utilize both participatory and naturalistic observation since the majority of farmers were interviewed in their homes or on their farms. A handful of farmer interviews were conducted on farms while harvesting was occurring. The researcher helped farmers harvest while administering the survey which gave insights into both the labor utilized during the season as well as general farm conditions. For a large number of farmers, interviews were conducted inside or around farmer houses giving the researcher the opportunity to note living conditions. This naturalistic observation was incorporated into general notes on farmers in the data spreadsheet.

Observation of farmer interactions with the extension staff and cooperative leaders that the researcher utilized as guides and translators also was recorded in general notes during field work. A thick description approach was used while conducting these interviews and observing interactions, the researcher carefully observed not only what was being said but the context and underlying messages being communicated.<sup>59</sup> Furthermore, a comparison between responses

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<sup>59</sup> Geertz, Clifford. *The Interpretation of Cultures: Selected Essays*. New York: Basic Books, 1973.

given by farmers in the presence of cooperative extension officers and responses given by farmers in the presence of an independent translator demonstrated that the potential for skewed data was not realized.

While observation was not a central method utilized in the research it was a complimentary method that contributed to the triangulation of data and information collected. Although observation has many limitations as an imperfect, subjective method, its use proved effective in nuancing the primary data collection method of administered surveys.

#### *Method 4: Secondary Sources—Tool Utilized: Literature Review and Data Analysis*

Secondary sources were also utilized in the research. This includes data on average prices paid to farmers from 1992-2015 and export data given to the researcher by the UCDA. Additionally, the UCDA provided copies of the National Coffee Policy and Strategy as well as the Uganda Coffee Development Authority's Annual Report Volume 23 published in 2015. An extensive list of literature on Fairtrade, development, ethical trade, specialty coffee certifications, and Ugandan coffee production were utilized including Dr. Asiimwe B. Godfrey's publication, The Impact of Post-Colonial Policy Shifts in Coffee Marketing at the Local Level in Uganda.

The tools used include a literature review which is presented above, along with data analysis that was incorporated into primary data collected. The use of data provided by the UCDA is limited since the researcher relied most heavily on data collected at the research sites. The secondary sources are used complementarily rather than principally.

### **SAMPLING FRAMEWORK**

Due to time and resource constraints, two types of non-random sampling were utilized in the farmer interview data collection process. The sampling and data collection were largely qualitative and do not meet requirements for statistically significant, quantitative analysis. Therefore, although proposed sample sizes were set at the outset of the research, the researcher relied on the achievement of saturation points in data collection to determine final sample size.

Quota sampling was used with the first 70 farmers in the East. This type of sampling is one in which participants are selected based on ease of access and convenience but guided by a specific characteristic of interest.<sup>60</sup> For this study the characteristic selected was primary

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<sup>60</sup> Kumar, Ranjit. *Research Methodology : A Step-by-Step Guide for Beginners*. 3rd Edition ed. London: SAGE Publications, 2011, 206.

buyer of the farmer. The quota sample sizes for Arabica farmers were 20 Organic certified Kawacom farmers, 10 non-certified commercial farmers, and 20 Fairtrade certified farmers. The researcher reached the saturation point with 20 Kawacom farmers, 15 non-certified commercial farmers, and 35 Fairtrade farmers which can be divided into two groups: 25 Coffee A Cup farmers and 10 Gumutindo farmers.

Snowball sampling was used when the researcher worked with Kibinge Coffee Cooperative in Kibinge, Masaka. This sampling method was utilized because it was complimentary to the structure of the cooperative itself. The cooperative is made up of 12 zones each with 3 to 4 villages of roughly 30-45 member farmers. Four zone leaders, known as promotion farmers, were identified as participants and tasked with identifying 4 other Kibinge farmers within their zones along with 2 to 3 non-member farmers to serve as the comparison group. A total of 20 Kibinge Coffee Cooperative member farmers and 10 non-member farmers selling to middlemen were sampled.

## **ETHICS**

This study was guided by respect and protection of participants at all times. Interviews with farmers were kept as concise as possible in order to not disrupt their work during the peak of harvesting season. All participants were fully informed about the scope, intent, and purpose of the study. Consent forms were distributed and signed by participants who were literate and spoke English otherwise verbal consent was obtained after the study was explained by the researcher with the help of a translator. The consent form is attached as Appendix 5. Each participants was asked if they consented to having the information collected used in the research, having the information collected used in future publications of the researcher, and to having their name published. Participants almost unanimously consented to having their names published with the information they provided. However, in order to prevent any harm or consequences that could possibly be imposed on them due to non-complimentary accounts provided about companies or cooperatives, all farmer names have been removed from the report.

In the case of Kibinge Coffee Cooperative, Coffee A Cup, and Gumutindo, extension officers and other cooperative staff served as translators and guides. Although there was a risk that these staff members could identify and punish farmers based on answers provided, the farmers identified and selected had strong, personal relationships with the extension officers which helped mitigate this risk. Moreover, all of the information that was disclosed in the

presence of the staff was of generally low risk to farmers. In terms of potential bias creation, the researcher is confident that the presence of these extension officers and cooperative staff at many farmer interviews did not bias the data collected. Farmers were frank, open, and honest even in the presence of those individuals. A comparison between responses given by farmers in the presence of cooperative extension officers and responses given by farmers in the presence of an independent translator demonstrated that the potential for skewed data was not realized.

Although the researcher avoided compensation of participants to avoid future selection bias, a section of farmers were compensated with small tokens of appreciation of tea bags and soap in Kibinge. This was done only because the researcher was informed that previous researchers visiting the cooperative had given respondents compensation. The researcher is confident that this did not create a bias or skewed data since the participants were not informed prior to the interviews that there was a monetary incentive to participate.<sup>61</sup>

## **CHALLENGES**

Language barriers were the biggest challenge which necessitated the use of translators. Limited time and resources were the key constraints in sampling. Although random sampling is ideal, sampling for this study had to be based on convenience and availability of resources. Another challenge arose with some companies and cooperatives. Interviews with senior staff of Gumutindo and Kawacom were requested multiple times but unfortunately denied.

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## Findings, Discussion & Analysis

*(1) Examine the differences between specialty coffee farmers and workers and conventional, commercial farmers and workers*

### **FINDINGS:**

Through surveying 100 farmers, 55 of which were participating in Fairtrade coffee production (selling to: Coffee A Cup, Gumutindo, and Kibinge Coffee Cooperative), 20 non-Fairtrade but Organic farmers (selling to: Kawacom), and 25 commercial farmers (selling to: Great Lakes, Kyagalani, Esco, and Middlemen) differences in prices, farmer satisfaction, coffee production, labor usage, and market knowledge were compared. It is important to note that Arabica coffee, grown at higher altitudes, fetches higher prices on the world market, than

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<sup>61</sup> Kumar, Ranjit. *Research Methodology : A Step-by-Step Guide for Beginners*. 3rd Edition ed. London: SAGE Publications, 2011, 245.

Robusta coffee grown in low lands. Coffee A Cup, Gumutindo, Kawacom, Esco, and Commercial Buyers referenced here deal in Arabica coffee. Kibinge Coffee Cooperative and Kibinge Middlemen farmers grow Robusta.

*Prices:*

In Table 1: Average Price Information, average prices are reported. Farmers were asked what price they anticipated receiving from their primary buyer in this current or upcoming season. Additionally, farmers were asked the lowest price their primary buyer has paid them in the past along with the highest price their primary buyer has paid them previously. The table is divided into two based on region, the first five buyers operate in the same areas (Bududa, Sipi Falls, Kapchorwa) while the final two are located in Kibinge, Masaka. Among Eastern farmers, anticipated prices for non-fairtrade certified buyers were actually higher than those anticipated by farmers selling to Coffee A Cup and Gumutindo. This was not the case in Kibinge however, where the anticipated prices reported by members of the Fairtrade-certified cooperative were close to double that of prices anticipated by farmers in the same geographic areas selling to middlemen. The average lowest prices offered by Fairtrade-certified buyers were higher across the board compared to uncertified buyers.

TABLE 1	AVERAGE PRICE INFORMATION (UGX)		
	Anticipated Average Price (Current Season)	Lowest Average Price	Highest Average Price
Esco	7300	2840	10500
Kawacom	6026	2845	8687.5
Commercial Buyers	5955	2380	7250
Coffee A Cup	5208.33	3756	7254
Gumutindo	5450	4670	8415
Kibinge Coffee Cooperative	4975	3675	4970
Kibinge Middlemen	2533.33	1500	2844.44

A comparison was also made between the prices farmers anticipated from the upcoming season and what farmers reported the prices of coffee should be. Farmers were asked, “What should be the average price of 1 kilogram of coffee?” The difference between average

anticipated prices and “should be” average prices were calculated to assess if the gap between desired prices and realized prices were more significant among different farmer groups. Table 2: Difference Between Anticipated Price and Desired Price, shows that among Eastern farmers, the smallest gap existed for farmers selling to Commercial Buyers with the largest gap coming from Esco, a new and upcoming, uncertified cooperative. The gap between anticipated and “should be” prices for Coffee A Cup farmers was the second smallest followed by Gumutindo. In Kibinge, the gap was larger (1275 shillings) for Fairtrade cooperative members than it was among farmers selling to middlemen (1155.55 shillings).

TABLE 2	DIFFERENCE BETWEEN ANTICIPATED PRICE AND DESIRED PRICE (UGX)		
	Anticipated Average Price (Current Season)	“Should be” Average Price	Difference
Esco	7300	17000	9700
Kawacom	6026	9666.66	3640.35
Commercial Buyers	5955	8162	2207.5
Coffee A Cup	5208.33	7892	2683.66
Gumutindo	5450	8800	3350
Kibinge Coffee Cooperative	4975	6250	1275
Kibinge Middlemen	2533.33	3688.88	1155.55

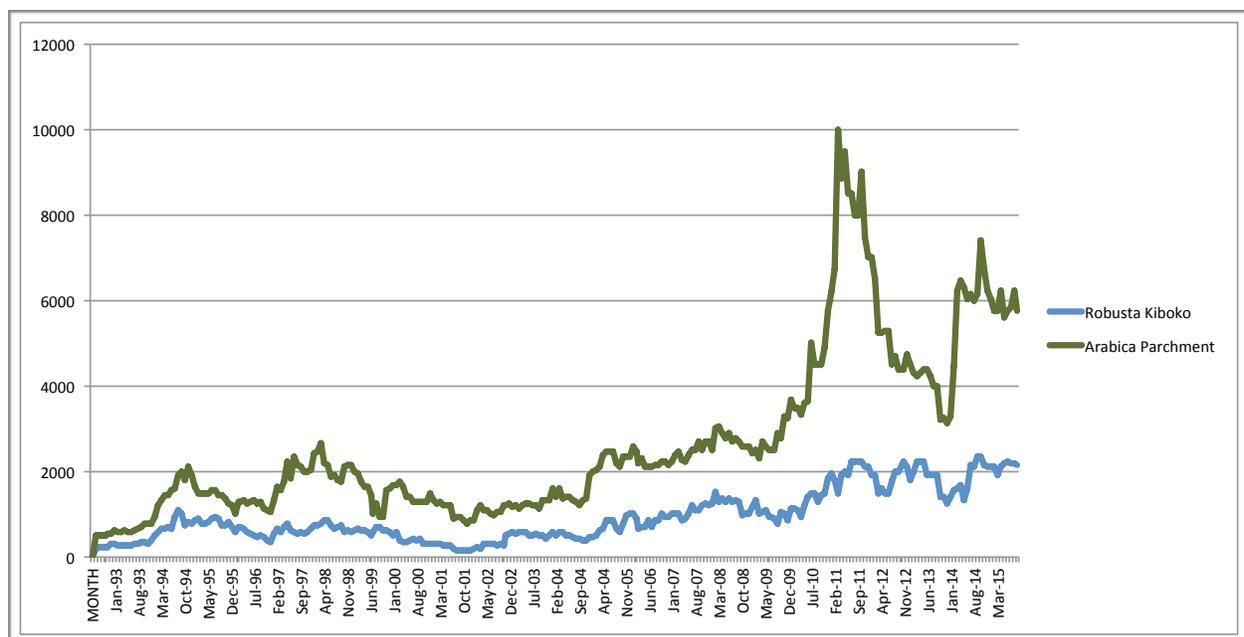
Farmers were also asked, “Is the price your primary buyer offers you a ‘fair price’?” The percentage of farmers who said that the prices were fair were significantly higher among farmers selling to Fairtrade-certified cooperatives compared to those selling to Kawacom and other Commercial buyers. This data is presented in Table 3: Fair Price Perception. The highest portion of farmers who felt they received fair prices from their primary buyer were those selling to Kibinge Coffee Cooperative (85%) followed by farmers selling to Gumutindo (80%). Just under half (48%) of farmers selling to Fairtrade certified, Coffee A Cup, felt that they were given fair prices. However, this is still more than double the percent that felt they received fair prices among those selling to Kawacom (20%), middlemen, and other commercial buyers (17.4%).

**TABLE 3 FAIR PRICE PERCEPTION**

Is the price your primary buyer offers you a 'fair price'?		
	Yes	No
Middlemen/Commercial	17.4%	82.6%
Kawacom	20%	80%
Coffee A Cup	48%	52%
Gumutindo	80%	20%
Kibinge Coffee Cooperative	85%	15%

Aggregating data from the UCDA in conjunction with data collected from the farmer survey, Figures 1, 2, and 3 display time series price information. Figure 1: Average Prices Paid to Farmers, displays the average prices paid for Arabica parchment and Robusta Kiboko (dried cherries) between 1992 and 2015 (UGX per kilo). Figure 2: Arabica Prices displays the UCDA time series data along with the reported high prices among Fairtrade farmers, the average expected price among Fairtrade farmers, the reported low prices among Fairtrade farmers, as well as the reported high prices among non-Fairtrade farmers, the average expected price among non-Fairtrade farmers, and the reported low prices among non-Fairtrade farmers. Figure 3: Robusta Prices displays the same data as Figure 2 but among the Robusta growers sampled in the research.

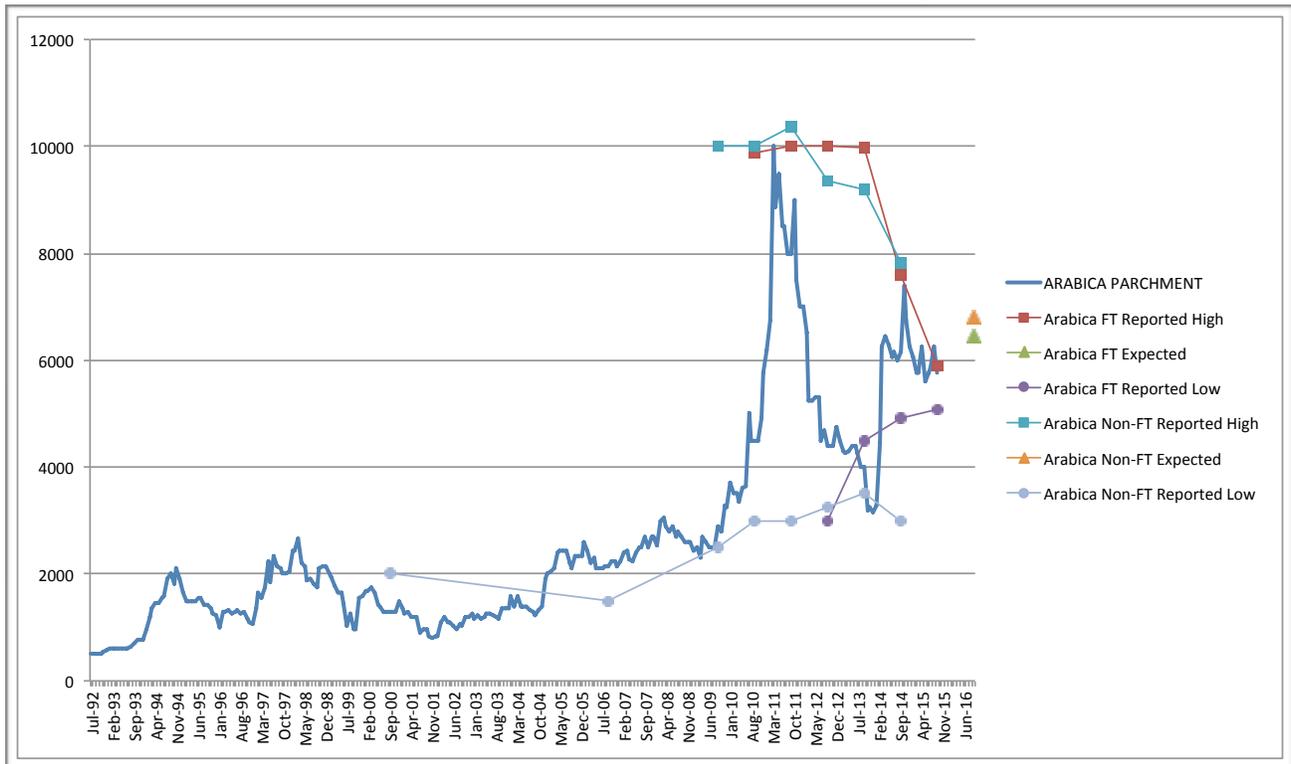
**FIGURE 1: AVERAGE PRICES PAID TO FARMERS**



The general price trend for both Arabica and Robusta coffee is positive, with Robusta accessing significantly lower average prices than Arabica. Price fluctuations and volatility among Arabica prices are more extreme especially in recent years. In 2011 prices dropped from 10,000UGX per kilo down to 6000.

In Figure 2, the average prices paid to Arabica farmers are displayed. Farmers were asked what price they expected from this upcoming season. Those average are displayed as the yellow triangle (non-Fairtrade) and green triangle (Fairtrade). The expected prices among the non-Fairtrade farmers was higher for the current season. Farmers were also asked what the highest price they had ever received from their primary buyer was as well as what year they remember that price being. In addition to highest price paid, lowest price and years were collected. This data is also plotted. The high prices between Fairtrade and non-Fairtrade farmers are very similar. The lowest prices reported by Fairtrade farmers however are on average, with one exception in 2012, higher than non-Fairtrade farmers.

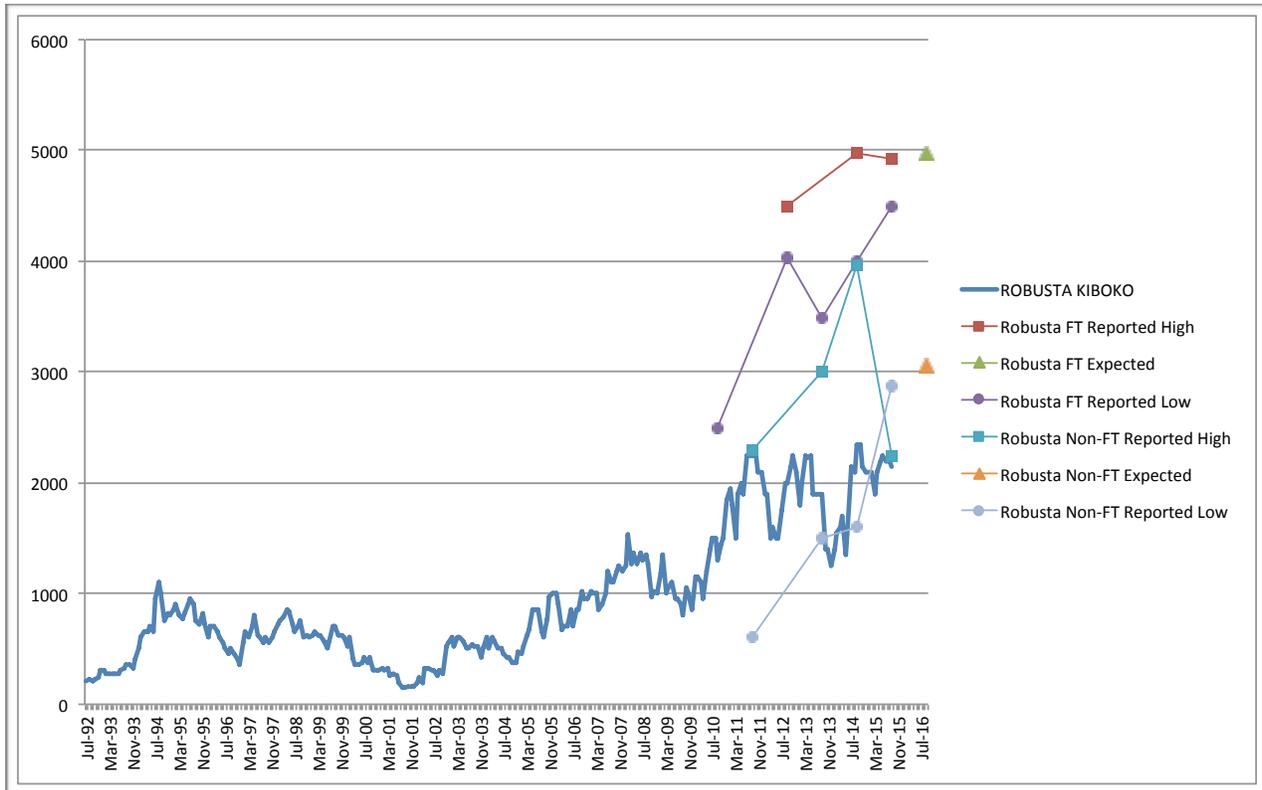
**FIGURE 2: ARABICA PRICES**



Finally in Figure 3: Robusta Prices the most clear differentiation between Fairtrade and non-Fairtrade farmers is visible. Comparing the expected prices (yellow and green triangle) Fairtrade Robusta farmers expected prices double that of non-Fairtrade counterparts.

Furthermore, the highest prices paid to farmers among those participating in Fairtrade were between 1000 and 3000 shillings higher than non-Fairtrade farmers. Even the lowest prices paid to Fairtrade farmers were higher than the highest prices paid to non-Fairtrade farmers. While the lowest prices of farmers selling to middlemen were consistently below average prices paid to farmers nationally, the lowest prices paid to Kibinge Fairtrade farmers were markedly above the average prices paid.

**FIGURE 3: ROBUSTA PRICES**



*Farmer Satisfaction:*

Farmer satisfaction was primarily measured on a Likert scale which produced relational measures of satisfaction. Farmers were asked the three following questions:

- “On a scale from 1-10 how satisfied are you with the prices your primary buyer offers?”
- “On a scale from 1-10 how satisfied are you with the extension services or production support given to you by your primary buyer?”
- “On a scale from 1-10 how would you rate the overall benefit you receive from selling to your primary buyer?”

The raw average scores are available in the Appendix as Appendix 6. On all three measures, the three Fairtrade certified cooperatives scored better than the other buyers. Scores for price satisfaction are presented below.

PRICE SATISFACTION						
Kibinge Middlemen	Esco	Kawacom	Commercial Buyers	Coffee A Cup	Gumutindo	Kibinge Coffee Cooperative
4.3	4.3	4.44	5.55	6.72	7.45	7.45

Kibinge Coffee Cooperative and Gumutindo had matching high average scores of 7.45 followed by Coffee A Cup at 6.72. The lowest scores came from Kibinge farmers selling to middlemen and members of Esco.

Average scores for Extension Services had a greater variance, ranging from 2.2 up to 8.4. Again, all three Fairtrade certified cooperatives ranked higher than the other buyers.

EXTENSION SERVICE SATISFACTION						
Kibinge Middlemen	Kawacom	Esco	Commercial Buyers	Gumutindo	Coffee A Cup	Kibinge Coffee Cooperative
2.2	3.05	3.2	4.25	6.6	8.34	8.4

Again the lowest score came from farmers selling to Kibinge middlemen (2.2) while the highest score was captured by Kibinge Coffee Cooperative (8.4). Coffee A Cup was a close second with a score of 8.34. Gumutindo scored more poorly on the services measure with only 6.6 compared to their price satisfaction of 7.45.

Finally, farmers participating in Fairtrade-certified cooperatives felt their overall benefit from their primary buyer relationship was higher than that of their commercial counterparts.

OVERALL PERCEIVED BENEFIT						
Kawacom	Esco	Kibinge Middlemen	Commercial Buyers	Gumutindo	Coffee A Cup	Kibinge Coffee Cooperative
3.94	4.8	4.88	6.5	6.54	7.9	8.075

Kibinge Coffee Cooperative, once again claimed the highest average score with 8.075, closely followed by Coffee A Cup farmers satisfaction rating of 7.9. Gumutindo ranked third with

a score of 6.54 just barely above that of commercial buyers (6.5). Kawacom farmers reported the lowest perceived benefit with a low average score of 3.94.

Table 4: Buyer Satisfaction Ranking displays the summarized relational ranks of each buyer from the three measures.

TABLE 4	BUYER SATISFACTION RANKING		
	Prices	Extension Services	Overall Benefit
1	Kibinge Coffee Cooperative	Kibinge Coffee Cooperative	Kibinge Coffee Cooperative
2	Gumutindo	Coffee A Cup	Coffee A Cup
3	Coffee A Cup	Gumutindo	Gumutindo
4	Commercial Buyers	Commercial Buyers	Commercial Buyers
5	Kawacom	Esco	Kibinge Middlemen
6	Esco	Kawacom	Esco
7	Kibinge Middlemen	Kibinge Middlemen	Kawacom

In addition to the satisfaction scales, farmers were asked, “Is the money you make from selling coffee an adequate source of income for supporting you and your family?” They were also subsequently asked what other sources of incomes are used to supplement sales from coffee. Overall, 85 percent of farmers reported that coffee was not a sufficient source of income which required supplementation. In Table 5: Coffee Adequate Source of Income the percentages of farmers are displayed broken down by type of coffee and primary buyer.

TABLE 5	Coffee as an adequate source of income?	
	Yes	No
Overall Arabica	11.5%	88.5%
Coffee A Cup	8%	92%
Gumutindo	10%	90%
Kawacom	10%	90%
Commercial Buyers	20%	80%
Overall Robusta	23%	77%
Kibinge Coffee Cooperative	20%	80%
Kibinge Middlemen	23%	77%
Overall All	15%	85%

The percentage of Robusta farmers who reported that coffee was a sufficient source of income (23%) was significantly higher than the percentage of Arabica farmers (11.5%) with the same response. Among Arabica farmers, those selling to commercial buyers actually had higher numbers of farmers who reported being able to sustain themselves from coffee income. Only 8 percent of Coffee A Cup and 10 percent of Gumutindo farmers did not supplement their incomes. Likewise in Kibinge, a lower percentage of those selling to a Fairtrade cooperative were able to sustain their families from coffee sales compared to those selling to middlemen.

*Coffee Production:*

There were wide ranges in the number of trees and acres that different farmers possessed. Although these numbers can indicate scale of coffee production they do not indicate skill in coffee cultivation. A more telling indicator is the average number of kilos each tree produces of dry parchment or dried cherries. Table 6: Kilos Per Tree displays the average, minimum, and maximum number of kilos of dry parchment or dried cherries broken down by type of coffee and farmer groups according to buyer of coffee. It is important to note that Arabica and Robusta coffee are characteristically different bush trees. Robusta trees are tougher and have average higher yields than Arabica trees. It is therefore most useful to only compare Arabica growers to other Arabica growers and Robusta only to other Robusta.

TABLE 6	KILOS PER TREE		
	Average	Minimum	Maximum
Arabica Overall	2.37	0.1	5
Esco	1.46	0.1	3
Kawacom	2.05	0.5	3
Commercial Buyers	2.14	0.5	5
Coffee A Cup	2.57	0.75	5
Gumutindo	3.22	1.5	5
Robusta Overall	5.68	1	12
Kibinge Middlemen	4.95	1	12
Kibinge Coffee Cooperative	5.8	3	10

In both the case of Arabica and Robusta farmers, Fairtrade farmers had higher average yields per tree than other farmers. In the case of Arabica growers, Gumutindo farmers had the

highest average of 3.22 kilos per tree, followed by Coffee A Cup with 2.57 kilos per tree. This can be compared to the average among farmers selling to commercial buyers with an average of 2.14 kilos and to Kawacom farmers, only 2.05 kilos. Among Robusta growers, Kibinge Coffee Cooperative members had an average of 5.8 kilos per tree compared to 4.95 kilos per tree of non-member farmers.

*Labor Usage:*

In order to assess differences among workers participating in certified supply chains versus those who are not, the researcher asked all farmers about their use of hired labor both for harvesting and for maintenance. The number of workers, wages of workers, origin of workers, and changes in wages were collected.

Although some farmers relied solely on familial labor, the majority of farmers hired harvesting and maintenance laborers. Overall, 83 percent of farmers hired casual laborers for maintenance work while 79 percent of farmers hired laborers for coffee harvesting. The use of casual labor was more prevalent among the farmers surveyed in the East, with 90 percent of farmers hiring both maintenance and harvesting labor. In Kibinge, only 66 percent of farmers hired maintenance labor and only 53 percent hired harvesting labor. Table 7: Hired Labor displays the percentage of farmers that hire labor along with the average number of workers.

TABLE 7	HIRED LABOR			
	Hires Maintenance Labor	Hires Harvest Labor	Average Number of Maintenance Laborers	Average Number of Harvest Laborers
East Overall	90%	90%	7.12	10.42
Gumutindo	100%	90%	7.9	14
Coffee A Cup	96%	92%	5.66	7.43
Esco	80%	80%	14.8	14.5
Commercial Buyers	100%	100%	7.7	12.7
Kawacom	75%	85%	6	10
Kibinge Overall	66%	53%	3.35	3.97
Kibinge Coffee Cooperative	65%	55%	3.07	2.9
Kibinge Middlemen	70%	44%	3.66	6.5
All	83%	79%	6.22	9.11

Farmers who hired either maintenance or harvesting labor were asked what wage they pay each worker. Wages were reported in varying units making comparative analysis difficult. For harvesting labor, the majority were paid per basin of coffee cherries picked. These basins are not standard units and range from roughly 10-16 kilos of cherries. Other harvest laborers are paid per full or half day, some of which received lunch as an additional benefit from employer farmers. Among maintenance labor, the researcher focused on wages paid for weeding and slashing. However other maintenance tasks include activities like digging and spraying agrochemicals. The units for weeding also varied. Some farmers paid per small 12 by 6 meter or pace plot while others paid by acres or even a fixed amount for their entire farm. For farmers who reported wages per acre, the researcher converted these to shillings per plot since roughly 25 to 30 plots make up an acre. This conversion aided in developing more meaningful comparative analysis.

Farmers who hired laborers were also asked if the wage they pay workers changes year to year, as the price of coffee changes, or if the wages they pay workers is constant. Table 8: Changing Wages of Hired Labor displays the percentage of farmers employing labor who adjust wages year to year between Fairtrade certified and uncertified buyers. The full table can be found as Appendix 7.

TABLE 8	CHANGING WAGES OF HIRED LABOR			
	Changing Wages Maintenance Labor		Changing Wages Harvest Labor	
	Yes	No	Yes	No
Fairtrade Certified	46%	54%	60%	40%
Non-Fairtrade Certified	53.33%	46.66%	60%	40%
All	49%	51%	60%	40%

For harvest laborers, membership to Fairtrade-certified cooperatives did not affect the percentage of farmers who adjust wages. For maintenance laborers, fewer Fairtrade farmers adjusted wages than non-fairtrade farmers. Overall, it was more common for wages of harvesting workers to be adjusted than it was for maintenance workers.

Table 9: Average Wages, presents the average range of wages given by farmers who adjust the wages paid to farmers year to year. These averages only represent wages paid to workers by farmers who change their wages, they should not be understood as the overall

average wages paid to laborers by different farmers.

TABLE 9	AVERAGE WAGES			
	Maintenance Labor		Harvest Labor	
	Average High	Average Low	Average High	Average Low
Fairtrade Certified East	3187.5	2062	3347	1978
Gumutindo	2375	1750	3100	1800
Coffee A Cup	3458	2166	3416	2027
Non-fairtrade East	2650	1627	3541	1875
Esco	2733	1166	4000	1875
Commercial Buyers	3000	1875	4375	2000
Kawacom	2500	1663	2833	1791
Kibinge Coffee Cooperative	5611	3344	2500	1770
Kibinge Middlemen	2733	2033	2000	1250

Among Fairtrade farmers in the East the average high and low wages paid to workers were higher for both maintenance and harvest workers than non-fairtrade Eastern farmers. The same was true in Kibinge, where farmers paid average higher wages than their middlemen-selling counterpart farmers.

#### DISCUSSION & INTERPRETATION:

Are Fairtrade farmers better off than their non-Fairtrade counterparts? And are laborers better off when they work on Fairtrade certified farms? The answers to these questions are mixed with some evidence supporting Fairtrade's positive impacts while other evidence calls it into question.

#### *Prices:*

The average anticipated prices among Fairtrade farmers in the East were lower than Eastern farmers selling to Kawacom, Esco and other commercial buyers. At first glance, this suggests that Fairtrade farmers are not benefitting from certification and are receiving lower

prices. However, although average anticipated prices for Fairtrade-certified Coffee A Cup and Gumutindo were lower than those of uncertified buyers, this does not necessarily mean that farmers are receiving lower prices. Because this measure is based on a future expectation, the lower anticipated prices from Gumutindo and Coffee A Cup farmers could be due to more realistic expectations or even greater market knowledge on behalf of the farmers.

When looking at the average low prices, the lowest average prices reported among Eastern buyers suggest that Fairtrade certification protects farmers from international coffee price fluctuations when prices nosedive. While farmers selling to Esco, Kawacom, and other Commercial buyers had average low prices between 2300 and 2800 shillings, the average lowest prices for Coffee A Cup farmers were 3756 and an even higher 4670 for Gumutindo farmers. This suggests that Fairtrade has a positive impact on protecting farmers when world market prices are low. However, Fairtrade does not seem to have a large positive effect on price for certified farmers when world market prices are high. The average highest price among Coffee A Cup farmers of 7254 shillings is almost identical to the average high price of 7250 shillings received by farmers selling to commercial farmers. Among Gumutindo farmers with an average high price of 8415, this is actually lower than the highest average price reported by Kawacom farmers at 8687.5 shillings per kilo. Overall the impact Fairtrade certification has on prices paid to the Arabica farmers surveyed is debatable.

The most clear cut case that demonstrates Fairtrade's positive impact on prices paid to farmers comes from Kibinge. Fairtrade coffee farmers, on average, expected and received close to twice as much as comparison farmers selling to middlemen. The average of lowest prices paid were more than double the average low price of middlemen-selling farmers and the average anticipated price along with high price were just under double that of comparison farmers. It is clear in the case of Kibinge that Fairtrade has a direct relationship with higher prices being paid to farmers.

The gap between anticipated and "should be" prices reported by farmers further complicate the relationship between Fairtrade and prices. The gap for Coffee A Cup farmers is the second smallest among the Arabica growers just above the gap for farmers selling to Commercial Buyers. Small gaps between anticipated and desired price can be understood in two ways, either as expectations being met more completely, or as farmers having lower expectations to begin with. It is possible that the farmers selling to commercial farmers have a lower anticipation-desire price gap because they are used to fluctuating market prices. This was in fact the case with the majority of farmers selling to commercial buyers, they shrugged off

highly fluctuating coffee prices saying that they were “used to it” and that they had no control and just sold the coffee for the price they could get.

The largest gap of 9700 shillings from Esco is not from dissatisfaction with the cooperative but rather dissatisfaction with the current low prices paid by the world market for high-quality specialty coffee. Esco farmers produce very high quality, specialty coffee which farmers believed should be sold for 20,000 shillings per kilo, the reality however is that world market coffee prices are not close to that, thus generating a large gap.

The qualitative measure of Fairtrade’s effect on price: asking farmers if the price they receive from their primary buyer is a fair price, revealed most clearly the differences among buyers. All three fairtrade certified cooperatives had greater portions of their farmers report that the prices they received were fair. A majority, 52 percent of Coffee A Cup farmers, reported that the prices they received were unfair while only 15 percent of Kibinge Coffee Cooperative and 20 percent of Gumutindo farmers claimed unfair prices. There is a key difference between Coffee A Cup and Kibinge and Gumutindo. Both Kibinge Coffee Cooperative and Gumutindo have export licenses and are able to directly access international markets, Coffee A Cup by comparison relies on Great Lakes, a huge multinational corporation dealing in both certified and conventional coffee for exporting. Coffee A Cup staff acknowledge the fact that they have lower prices than their Fairtrade-certified neighbor Gumutindo. Gumutindo is able to offer higher prices because they are larger, more well-established, and most importantly because they have access to direct markets.

From Figures 1-3, differences among average anticipated prices and high and low reported prices are presented. Although the findings from Arabica growers suggest that although Fairtrade may cushion farmers when international market prices drop, the benefits are not significant if world market prices are good. The data showed very similar patterns between Fairtrade and non-Fairtrade Arabica farmers and even a higher expected price among non-Fairtrade farmers. Among Robusta growers in Kibinge the picture is very clear. The anticipated price of Fairtrade farmers was double that of farmers selling to middlemen. Moreover, Fairtrade farmers lowest reported prices were not only above the average prices paid to farmers but were actually higher than the highest reported prices of non-Fairtrade farmers. This indicates that in the case of Kibinge, Fairtrade has a direct positive effect on increasing prices paid to farmers.

*Farmer Satisfaction:*

On the three question satisfaction scale, Fairtrade-certified cooperatives outscored commercial and uncertified counterparts across the board. This indicates that at the very least farmers that belong to Fairtrade-certified cooperatives have stronger relationships, more trust and confidence in their buyers. These attitudinal scales clearly indicate that farmers perception of quality of price and extension services are higher among those participating in Fairtrade schemes. Although Coffee A Cup has a lower ranking on price satisfaction, they possess very high ratings on both extension services and perceived overall benefit. Matius, the general manager of Coffee A Cup, argued that everyone in the region benefits from Coffee A Cup's extension work especially Gumutindo. He explained that other companies and cooperatives have significantly fewer farmer trainings and offer less production support than Coffee A Cup. His farmers, who undergo the trainings and receive support, increase yields dramatically but see the higher prices offered by Gumutindo and subsequently side-sell some of their coffee. This enables Gumutindo to continue to offer higher prices and snatch up some of Coffee A Cup's coffee while Coffee A Cup has limited ability to offer better prices without direct trade opportunities. Farmers corroborated Matius' account and explained that although Gumutindo may offer better prices, they remain Coffee A Cup members because they recognize the many benefits they receive through membership: namely expert and ongoing extension services.

Although, the satisfaction scales present a positive picture of Fairtrade certification aiding farmers, the data presented in Table 5 complicates the issue. Overall, only 15 percent of farmers reported that coffee was a sufficient source of income, meaning 85 percent of coffee farmers rely on supplementing their income in various ways. Among Fairtrade-certified farmers, lower percentages of farmers reported that coffee was an adequate source of income. Only 8 percent of Coffee A Cup farmers and 10 percent of Gumutindo farmers were able to sustain themselves through coffee sales. Comparatively 20 percent of farmers selling to commercial buyers were able to solely rely on coffee. This could be due to differing levels of coffee production. The researcher qualified the farmers selling to commercial buyers as medium and large scale while the Fairtrade cooperative farmers included small, medium, and large scale levels of production.

It is also important to note that the proportion of Robusta farmers that were able to support themselves only through coffee were higher than Arabica farmers. The research asserts that this is largely due to the fact that although Arabica can only be harvested once in a year, Robusta coffee has two harvesting seasons, a major season between November and December

with a minor season around June. Although prices for Robusta are on average lower, the second season contributes significantly to farmers ability to depend on the crop as a primary source of income. The second season means a second chance for different and hopefully better prices and a more consistent supply of income throughout the year.

#### *Coffee Production:*

In this section it was established that Fairtrade-certified farmers, on average, had higher yields than non-certified farmers. Among Arabica growers, Gumutindo farmers followed by Coffee A Cup farmers had higher average yields per tree than farmers selling to Kawacom, Esco, or commercial buyers. Similarly in Kibinge, Fairtrade-certified farmers had an average yield of 5.8 kilos, almost an entire kilo higher than comparable farmers selling to middlemen. This is evidence of the stronger and more comprehensive extension services offered by Fairtrade-certified cooperatives. This bolsters the evidence that certified cooperatives give better services and trainings that were first suggested by the high ratings on the attitudinal scale that farmers gave to Fairtrade cooperatives for extension services and production support.

#### *Labor Usage:*

The first major finding regarding labor is the high prevalence of casual labor on coffee farms. There is a widely held perception that coffee is predominantly grown on small-scale farms being cultivated primarily through familial labor. This study shows however, the high prevalence of waged casual labor in coffee production in Uganda. Of the farmers surveyed, 83 percent hired maintenance labor and 79 percent hired harvest labor. The rates varied between farmer groups with lower percentages of Robusta farmers hiring labor than Arabica growers. However, with the exception of Kibinge farmers selling to middlemen, only 44 percent hire workers for harvesting. Over 50 percent of all other farmers hired maintenance and harvest labor. Among Arabica growers the lowest percentage was Kawacom farmers hiring maintenance labor at 75 percent. Moreover, the number of laborers hired at one time were presented to demonstrate that these laborers are being hired in somewhat sizable numbers and not just 1 or 2 neighbors assisting.

The research also presented the percentage of farmers who adjust wages as the price of coffee changes. This revealed that Fairtrade farmers adjusting prices at equal and lower rates compared to non-Fairtrade growers. It could be argued that laborers working on Fairtrade farms therefore have less wage volatility. On the other hand, this indicates that as the price of coffee

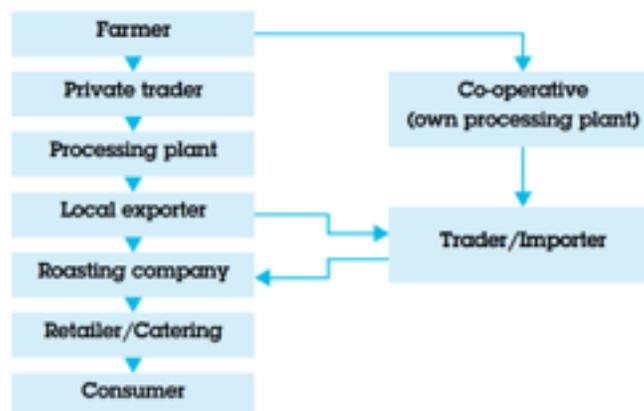
increases and Fairtrade farmers get paid more, the benefits trickle down to their laborers less in comparison to workers on commercial farms. To understand which is true, it is important to look at the average high and low wages paid to workers. Although the average high and low for Fairtrade maintenance workers is higher than the non-fairtrade, when the data is deconstructed it becomes clear that maintenance workers hired by Coffee A Cup farmers are paid more than other groups; however, Gumutindo farmers hiring workers actually pay less than commercial and non-fairtrade counterparts. Harvest labor average wages also reveal that Fairtrade workers are regularly paid less. Only in the case of Kibinge does it appear that labor working on Fairtrade farms benefit from higher wages.

All of this suggests that the positive benefits that farmers do derive from Fairtrade certification do not automatically translate to benefits for casual laborers. Fairtrade’s lack of standards for labor is further discussed in later sections.

*(2) Identify differences in benefits among members of the coffee supply chain  
(laborers, farmers, cooperative leaders, roaster, retailers, multinational firms)*

**FINDINGS:**

The simplified, global coffee supply chain traditionally begins with the farmer who’s coffee goes to a private trader, a processing plant, a local exporter, a roasting company, and then a retailer before reaching the consumer. In Fairtrade certified supply chains however, the coffee is supposed to go from the farmer to the certified Cooperative to a trader or importer then roasting company, retailer and finally consumer. This process is illustrated below.



Source: Fairtrade Foundation Coffee Commodity Report 2012

In the Fairtrade supply chain, profits are supposed to be distributed in equitable and fair ways. “Fairtrade is about better prices, decent working conditions and fair terms of trade for farmers and workers.”<sup>62</sup> In order to understand how benefits are distributed along the supply chain, several Fairtrade standards for coffee producers need to be understood. First, for laborers used on farms (the very lowest member of the supply chain) the only standards that exist are the prohibition of child and forced labor and the mandatory use of protective gear when working with agrochemicals. There are however no minimum wage requirements. There are more extensive Fairtrade labor standards but they do not apply to Fairtrade-certified coffee. Rather they only apply to certified workers on plantations in commodities like bananas, tea, and flowers.<sup>63</sup> Laborers are not incorporated in the standards for Fairtrade coffee however because producers are limited to “small-scale” farmers who do not employ labor year round or alternatively only rely on family labor.

It is also important to note that within the Fairtrade-certified supply chain, the minimum guaranteed price is set at the exporting producer organization level. This means that the farmers themselves are not guaranteed any price at all through certification. Moreover, if a certified cooperative does not have export capacity, they also do not receive the minimum price, rather only the exporting level certified producer receives the minimum guaranteed price. In the case of Gumutindo and Kibinge Coffee Cooperative, the cooperative does receive the set minimum price because they both possess export licenses and participate in direct trade. Coffee A Cup by contrast, lacks export capacity and sells their coffee through Great Lakes, a large multinational corporation that deals in both certified and uncertified coffees. Great Lakes therefore receives the minimum set price, with a lower price being received by Coffee A Cup and an even lower price being received by the farmers themselves.

What bulk of the profit do farmers receive? The UCDA reports that after liberalization, Ugandan farmers receive 75 percent of the export price of coffee on average while they only received 20 percent previously. This is supported by David Lukwata, the general manager of Kibinge, who explained that if the price of coffee on the London market is 1500USD per metric ton— which translates to roughly 5250UGX per kilo—Kibinge pays farmers 4800UGX which is actually 91 percent of the export price. Kibinge Coffee Cooperative, being a farmer owned and Fairtrade-certified organization, pays on average higher prices which explains the higher

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<sup>62</sup> "What Fairtrade Does." What Fairtrade Does. Accessed December 7, 2015. <http://www.fairtrade.org.uk/en/what-is-fairtrade/what-fairtrade-does>.

<sup>63</sup> Ibid

percentage. In any case, between 4800 shillings and 5250, that leaves only 450 shillings per kilo for processors and exporters to share.

Estimates suggests that the cost to the farmer for producing one kilo is a little less than 1USD, leaving the profit for Robusta farmers closer to 1600 shillings per kilo.<sup>64</sup> That is at least for those selling to Kibinge Coffee Cooperative. Since the average price for farmers selling to middlemen was only 2533shillings with a low average of 1500shillings. If the cost to produce one kilo is a little less than 1USD (3300shillings) than farmers are in fact sometimes selling their coffee at a loss. This was confirmed by many farmers that anecdotally reported that while they depend on coffee as a primary means of income, the margins they receive are sometimes minimal or non existent.

This is further supported by Tony Mugoya, the executive director of the Uganda Coffee Farmers Alliance, who stated, "I don't think anyone is making much money in origin countries. We know that there are countries in Europe that import coffee and then re-export for a much higher value without doing anything else; it is just from re-exporting. So the margins are being made from that side, not this side. If you look at the percentage of the value of the final product, the percentage of that value that stays in origin countries is much much less compared to what is happening outside."<sup>65</sup>

In a report released by the Fairtrade Foundation in 2012, they reported that on average farmers receive one to three percent of the price paid for a cup of coffee in cafes and between two and ten percent of the price paid for coffee in supermarkets.<sup>66</sup> If farmers are receiving 75 percent of the export price but only one to three percent of the price of a cup of coffee in a cafe or two to ten percent of the price of coffee sold in supermarkets, then it is clear that the majority of profits are made outside the borders of origin countries.

## **DISCUSSION & INTERPRETATION:**

First and foremost it should be made clear to consumers in the West that the Fairtrade minimum guaranteed price is not a set price for farmers, rather it is a price fixed at the producer country export level. This could mean that it indirectly gives farmers that are part of Fairtrade cooperatives higher prices (as is the case for Kibinge), but it does not guarantee it. The

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<sup>64</sup> David Lukwata interview by Eliza Cummings, Kibinge Coffee Cooperative, November 23, 2015.

<sup>65</sup> Tony Mugoya, interview by Eliza Cummings, Office of the Uganda Coffee Farmers Association, November 19, 2015.

<sup>66</sup> "Fairtrade and Coffee: Commodity Briefing." May 1, 2012. Accessed December 6, 2015. [http://www.fairtrade.net/fileadmin/user\\_upload/content/2009/resources/2012\\_Fairtrade\\_and\\_coffee\\_Briefing.pdf](http://www.fairtrade.net/fileadmin/user_upload/content/2009/resources/2012_Fairtrade_and_coffee_Briefing.pdf).

minimum prices consumers believe are reaching farmers, only reach the export level. The way this minimum price affects primary producers is varied. In Kibinge Coffee Cooperative, Fairtrade certification directly enables the cooperative to access better markets with higher prices directly translating to higher prices paid to farmers. With Gumutindo, the minimum price at the export level translates to a set minimum price for farmers each season. However, with Coffee A Cup, who is relying on Great Lakes to export coffee, the minimum price does not trickle down to farmers. There is significant variability among Fairtrade-certified cooperatives and the subsequent benefits experienced by farmers. This is an inconsistency that undermines the idea that Fairtrade labeling communicates achievement of a universal set of standards among primary producers. It also contributes to a lack of true transparency in a supply chain with the central goal of increasing transparency.

Export capacity has significant effects for primary producers in the supply chain. It could be argued that direct trade has even greater effects on increased prices paid to farmers than Fairtrade. Those that have direct access to trade fare better than those left to the mercy of large multi-national corporations. The executive director of the Uganda Coffee Farmer's Alliance argues precisely that saying, "At the end of the day, if I compare the prices that my farmers get with farmers who are in these schemes, I think my farmers are actually getting higher prices. Because the farmers themselves are engaged in the processing of their coffee, marketing of their coffee, and in the direct trade relationships. I think direct trade is the solution for me to some of these disparities."<sup>67</sup>

A critical critique of Fairtrade coffee should be the lack of labor standards required in certification. The lack of standards results in a giant loophole in Fairtrade certified coffee. First, it conveniently ignores the fact that the vast majority of coffee farmers employ seasonal waged workers. Second, it makes no effort to extend protection down to them other than to say they cannot be children, they must be paid something, and they must wear protection if using agrochemicals. This finding is congruent with the assertions presented by C. Cramer, D. Johnston, C. Oya, and J. Sender in their work, "Fairtrade cooperatives in Ethiopia and Uganda" which found that Fairtrade ignored the most vulnerable population in the supply chain: casual laborers. They assert that rural waged farm laborers are among the poorest population and are afforded the least protection. This is not to say that Fairtrade should shift their focus away from farmers purely onto laborers. Rather, from supply chain analysis, it is clear that benefits of certification do not reach all the way down the supply chain as Fairtrade claims it does. A more

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<sup>67</sup> Tony Mugoya, interview by Eliza Cummings, Ugandan Coffee Farmers Association Office, November 19, 2015.

comprehensive understanding of the supply chain with seasonal waged labor incorporated is essential if true equity is to be achieved.

*(3) Ascertain the role of the Ugandan government in promoting or supporting coffee production and trade*

Through the National Coffee Policy introduced in 2013, the government of Uganda has just begun a new holistic approach to developing the sector. The objectives of the policy are as follows: (1) increasing production and productivity, (2) bolstering research to address industry issues, (3) supporting coffee specific extension services, (4) strengthening farmer organizations, (5) streamlining laws and regulations, (6) promoting value addition, and (7) promoting domestic consumption. This policy works as an excellent framework from which significant improvements in the sector can be made. This is entirely dependent on effective implementation. Since the policy was just enacted in 2013, it is hard to assess its success as many of the goals and targets are long term and will require monitoring over the next decade.

From this research, the following farmer challenges were most prevalent: diseases and pests, climate issues, low prices, price fluctuations, and high input costs. In total 24 different challenges were presented. These challenges can be grouped under (1) climate and environmental challenges which includes disease, pests, weather patterns, and climate change; (2) buyer and market related challenges including price fluctuations, transportation costs, lack of transparency, and lack of extension services; and (3) production challenges including: high input costs, labor costs, low quality of seedlings, and inadequate tools for maintenance and processing. Finally, in the Other category issues of seasonal poverty, theft of berries, lack of research on diseases and quality, and limited land are included. The most prevalent challenges are presented in Table 10.

<b>TABLE 10</b>	
<b>FARMER CHALLENGES</b>	
<b>Climate &amp; Environmental</b>	<b>90.4%</b>
Disease and Pests	60.6%
Weather	27.65%
<b>Buyer &amp; Market Related</b>	<b>60.6%</b>
Price	32.9%
<b>Production Related</b>	<b>57.4%</b>
Input costs	26.6%
<b>Other</b>	<b>13.8%</b>

Through the National Coffee Policy the government should address all of these issues. The government is aware of these issues through needs assessments carried out by NUCAFE, rather than reiterate what is already stated in the NCP, the researcher will just focus on a few key strategy areas.

As Jim Muganga from the Ministry of Finance explained, “a hugely openly liberalized economy like ours is prone to abuse so you need a monitoring system that will ensure that the benefits are actually applied back.”<sup>68</sup> Regulation is the most critical role the government must play in the totally liberalized system. The current structure of the UCDA relies on District Coordinators to do the bulk of on-the-ground regulation. An issue that came up repeatedly during the research was mixing of coffee, mixing both of high and low quality as well as mixing of certified and non-certified coffees. Table 11 demonstrates that there are some buyers, namely Gumutindo and Kawacom, who are buying coffee from un-registered members. This is a huge issue in terms of chain of custody regulations. In addition to the one unregistered Gumutindo farmer, Esco reportedly sold all of their coffee to Gumutindo. Esco is a young cooperative that was taken under Gumutindo’s wing. Esco however is not Fairtrade or even organic certified. By all accounts given to the researcher by the UCDA and other certified cooperatives, Gumutindo does not deal in uncertified coffee. Since Gumutindo was unable to host the researcher it is unconfirmed where this Esco coffee ended up. It is possible that it was mixed and sold as certified coffee or that Gumutindo resold the coffee to a conventional buyer. Either way, this represents a huge risk in the Fairtrade-certified supply chain. If the government of Uganda plans to move forward with expanding certified coffees from four to 24 percent, greater regulatory

<sup>68</sup> Jim Muganga, interview by Eliza Cummings, Communications House Kampala, November 19, 2015.

mechanisms need to be put into place to bolster traceability and accountability. Unlike organic coffee which can be tested prior to export, Fairtrade coffee requires farm monitoring and auditing both by the independent certifying bodies but also by the government of Uganda.

<b>TABLE 11</b>	<b>Registered with Primary Buyer</b>	
	<b>No</b>	<b>Yes</b>
<b>Coffee A Cup</b>	0	25
<b>Gumutindo</b>	1	9
<b>Kibinge Coffee Cooperative</b>	0	20
<b>Kawacom</b>	4	16
<b>Esco</b>	0	5
<b>Commercial Buyers</b>	3	7
<b>Middlemen</b>	10	0

Another key area for government action is more effective forms of price information dissemination. The UCDA posts prices daily on their website and provides price information in other forms. It largely does not reach actual farmers. Among Kibinge farmers, David Lukwata, explained how the simplicity that most people represent text message price information as can actually be very complicated for farmers. The majority of farmers do not have access to consistent internet access making websites and email dissemination ineffective. Price boards and radio broadcasts were reported to be the most effective. More effective information dissemination and greater market knowledge among farmers would also generate greater desire to belong to farmer organizations since they offer better prices than middlemen. The majority of farmers selling to middlemen reported that they did so because they did not have another option. They also reported the lowest market information knowledge. When asked why they think prices fluctuate many reported that they did not know or that it was the middleman setting the price. Farmers belonging to groups however, reported that price fluctuated because of the world market, the dollar exchange rate, and changes in supply and demand.

*(4) Assess specialty coffee certifications role in promoting development*

**FINDINGS:**

*Farmer Knowledge*

In the survey, farmers were asked if they (1) had heard of Fairtrade, (2) could list the requirements, (3) thought that Fairtrade benefited farmers and workers, and (4) if they thought that Fairtrade farmers were paid more than non-Fairtrade farmers. Some of the data from those questions are presented in Table 12: Fairtrade Knowledge and Opinions. Of those who had heard of Fairtrade and could list some of the requirements, 80 to 100 percent believed that Fairtrade benefitted farmers and that Fairtrade farmers were paid more. Among Kibinge Coffee Cooperative and Coffee A Cup farmers, 100 percent had heard of Fairtrade and close to 100 percent could list at least one requirement. Overwhelmingly, farmers' understanding of Fairtrade requirements were linked to the tangible agricultural practices they were trained to do including: digging trenches, terraces, limiting the use of chemicals, pruning, mulching, and planting shade trees. While these are not the requirements that stand out to conscious consumers most concerned with issues like child labor and equitable prices, they represent important environmental protection and conservation. Very few farmers were able to articulate the more abstract ideology behind Fairtrade of development through "Trade not Aid" and creation of more equitable supply chains. More farmers were however able to articulate the benefits of social development derived from social premiums and the need for socially conscious and environmentally sustainable production.

TABLE 12	FAIRTRADE KNOWLEDGE & OPINIONS (Among those who have heard of FT)			
	Has heard of FT?	Understands some requirements	Thinks FT benefits farmers	Thinks FT farmers are paid more than non-FT farmers
Coffee A Cup	100%	96%	92%	100%
Gumutindo	80%	62.5%	100%	100%
Kibinge Coffee Cooperative	100%	100%	95%	95%
Kawacom	25%	20%	80%	100%
Commercial Buyers	30%	0%	100%	100%
Esco	40%	50%	100%	100%
Kibinge Middlemen	20%	50%	100%	100%

Although all of these things are positive, the key to development is empowerment. True empowerment of primary producers in specialty supply chains is not achieved through memorization of requirements and standards. As Paulo Freire wrote in his work *Pedagogy of the Oppressed*, “Liberating education consists in acts of cognition, not transfers of information.”<sup>69</sup> Therefore, greater dialogues about supply chains, equity, and sustainability need to be had within Fairtrade cooperatives with members.

*Social Projects and Premiums:*

A key part of Fairtrade’s model for promoting development is the social premium paid per pound of coffee meant to fund social projects in producer communities. Some of the most common social projects include school construction, work with health centers, and water and sanitation projects. Among the three Fairtrade cooperatives the research examined, the success of social projects varied greatly. For Gumutindo, although they advertise social projects on their website, they have yet to undertake or implement any social projects in Sipi Falls. Of Gumutindo’s 17 primary societies, Sipi was only registered in 2011. It is possible that because Sipi is a newer society, social projects will be established later. However, farmers reported both that they had never received a bonus payment from Gumutindo nor had they heard of any plans

<sup>69</sup> Freire, Paulo. *Pedagogy of the Oppressed*. 30th Anniversary ed. New York: Continuum, 2000.

to implement social projects. Community workers for Gumutindo also did not know when social projects would be implemented.

The social projects undertaken by Coffee A Cup were done through partnerships with Green Mountain Coffee who contracted Sparks Microgrant to implement 16 projects around the Mt. Elton region. These included infrastructure, sanitation, health, and education projects. During the research a constructed nursery school and health unit were visited. The nursery school was empty and it was explained that there was a need for an outside organization to fund and support it for sustainability. The health unit took three years to construct but is awaiting a government health worker to fill the post and actually provide services. In informal discussions with the cooperative extension staff, the lack of sustainability of many of the social project that had been invested in were discussed. The most successful initiative the researcher observed was the food security project that extension staff had undertaken to promote better nutrition and stabilized household income. Growing of local greens and other vegetables along with staples like bananas (matoke) were encouraged through farmer trainings. These crops could be used both for household consumption and for sale to supplement income.

The most successful social projects were observed in Kibinge with Kibinge Coffee Cooperative. Rather than start projects that required continued funding from outside sources, Kibinge's social premiums have been invested in projects that need one-time infusions of capital to work. They established wells to improve clean water access among their farming communities, they connected electricity to the largest health center, and they also built new latrines for a community, special needs school.

In addition to community social projects, the social premium derived from Fairtrade coffee can also be spent on organizational capacity building. This is where the social premium has the greatest development impacts. In comparison to the empty nursery school and health unit in Bududa for example, the ongoing trainings and production support farmers receive have much greater impacts and are only possible through Coffee A Cup's use of the social premium to provide expert extension staff. Likewise in Kibinge, a farm store was established that farmers can buy subsidized agrochemicals and other inputs from along with a savings and credit center that gives farmers access to financial services they could not have possibly accessed before. Moreover, the premiums from coffee have allowed Kibinge to continually offer high levels of extension services and support to farmers.

## **DISCUSSION & INTERPRETATION:**

Although there are positive effects derived from some specialty certifications, namely Fairtrade certifications, the developmental impacts are largely local and limited in scope. As specialty coffee only accounts for four percent of total coffee production in Uganda, the current reach is limited. Expansion from four percent to 24 percent is one of the many ambitious targets laid out in the National Coffee Policy which could have wide ranging, positive implications for participating farmers. However, these certifications will only benefit farmers and promote development more largely if the premium prices truly trickles down and reaches the farmer. A significant obstacle to that end is the presence of multinational corporations dominating exports. As James Kizito from the UCDA reported, “There is increasing concentration especially at exporter level where we are seeing about 80 percent of the market share being taken up by about ten exporters out of the 50.”<sup>70</sup> There is a gap between minimum guaranteed prices for certified coffees being paid to the exporting company such as Great Lakes or Kyagalani and not to the actual certified producers of the crop. Minimum prices seem to only trickle down when certified companies or cooperatives are participating in direct trade with their own export license.

A skeptic could also argue that even if Uganda successfully increases its specialty certified production to 24 percent, there is no guarantee that the market will be able to absorb that influx. There are already questions of consumers’ willingness to really pay more for Fairtrade or other ethical coffees. Pelsmacker, Driesen, and Rayp highlight this issue in their article, “Do Consumers Care about Ethics? Willingness to Pay for Fair-Trade Coffee” in which they highlight an attitude-behavior gap among Belgian consumers. Although consumers express a theoretical preference for ethical products, willingness to actually pay higher prices for those ethical products is low. This may suggest that specialty certified goods are more of a niche market rather than a viable tool for development.

Although this is healthy skepticism, it should not undermine the real and significant positive effects specialty certification, particularly Fairtrade, has had for many primary producers. In the Ugandan coffee sector, Fairtrade farmers had higher rates of satisfaction with prices, extension services, and felt they had more beneficial relationships with their buyers than commercial or uncertified farmers. Moreover, Fairtrade, when paired with a transparent and democratic cooperative structure and export capacity, the certification not only promoted development among member farmers but contributed to the development of the surrounding

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<sup>70</sup> James Kizito, interview by Eliza Cummings, Coffee House UCDA Office, Kampala, November 19, 2015.

community. So, although Fairtrade and other sustainable coffees are not necessarily the secret answers to unlocking unprecedented economic and social development, they do appear to mitigate many of the challenges experienced by coffee farmers in the fully liberalized, Ugandan economy.

Extreme caution is required when arguing that Fairtrade is the answer to transparent supply chains and unbalanced trade terms. As Jane from SEATINI rightly asserts, “All these issues of Fair Trade, they’re sort of diversionary. Because when you look at trade today, the trade rules are becoming very, very unfair, everyday. We had a demonstration, a picture of a very fat man sitting on an emaciated man. The fat man was saying, ‘I can do anything for you other than getting off your back.’ That’s how I look at African developing countries. We want fair rules of the game.”<sup>71</sup> Discourse and focus on Fairtrade certifications run the risk of distracting from the larger issue and root of why these certifications even exist, unbalanced and unfair trade negotiations in developing-to-developed country trade.

Another issue with certifications are the high costs. Tony Mugoya of the UCFA highlights this issue saying, “We all appreciate the importance of growing coffee in a sustainable way with environmental and social responsibility. and even the farmers appreciate the needs for these kinds of standards. However, there are extra requirements, the documentation, the reporting, getting inspectors, inspection costs that are so high they cannot be met by the premium that these sustainable organizations are providing, so it’s not a sustainable business.”<sup>72</sup> Ironically, coffees that promote environmental sustainability do not necessarily promote economic or social sustainability for farmers.

Specialty coffee certifications only make sense when they are profitable. In an ideal world, corporate social responsibility, environmental protection, and equitable profit sharing would be ideals that everyone worked to achieve. In the fully liberalized Ugandan context and larger, capitalist global economy however, sustainable coffee certifications longevity will depend on the profitability of the producers. Simply and rightly so because the cost of certification cannot overtake the benefits derived from certification.

Fairtrade and other specialty certifications should be seen as mechanisms to promote sustainable development that not only protect the environment but also the people involved in production. However, rectifying the larger issue of the unfair trade that exists in developing-to-developed world trade will take a lot more than simple certifications. Fairtrade certifications

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<sup>71</sup> Jane, interview by Eliza Cummings, SEATINI Office Kampala, November 18, 2015.

<sup>72</sup> Tony Mugoya, interview by Eliza Cummings, Uganda Coffee Farmers Association Office, November 19, 2015.

make up incredibly small market shares, and therefore, have limited capacity to overhaul the vast inequalities that exist in global supply chains. However, there is evidence that Fairtrade's presence has led to greater levels of consumer consciousness and increased pressure being applied to multinational corporations to have more transparent supply chains and engage in production that is environmentally and socially responsible. So, although specialty certification's ability to directly impact development may be limited, the indirect role they play in promoting consumer consciousness and corporate social responsibility may be infinite. Furthermore, the local impacts that Fairtrade certification have had for the farmers of Kibinge Coffee Cooperative and Coffee A Cup are not insignificant. Although Fairtrade is not a viable solution for national Ugandan development, it is a mechanism that community-based organizations can utilize to uplift local farmers.

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## Conclusion

### *Theoretical Framework*

The paradigm that Fairtrade certification developed from is the "Trade not Aid" concept of development. The true irony of the "Trade not Aid" paradigm, as it has been operationalized over the past fifty years, is that the current international trade regime generates the necessity for the very aid that it is supposed to replace. The trading rules and policies propagated through the World Trade Organization and the unbalanced power dynamics in international negotiations between developed and developing countries results in a lack of meaningful economic development for the latter, thereby directly creating the need for extensive amounts of aid to address issues like extreme poverty and food insecurity. As the Ugandan country director of SEATINI poignantly highlights this paradox of developed countries both generating the need for aid through unfair trade and then turning around wanting to help, stating, "They are dying because of the rules you are making. From there, you make terrible rules, then you come here and say, "ah how do we help these people" really?"<sup>73</sup> The "Trade not Aid" paradigm presents the two as existing in a dichotomous relationship. Aid and trade should not be viewed as mutually exclusive solutions however, rather, they are two pieces in the puzzle that fit together. If aid was invested in building trade infrastructure and capacity, it could have real effects on development.

This study predominantly focused on Fairtrade certifications within the larger topic of specialty coffee certification. It is important to briefly note that coffees under certifications like

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<sup>73</sup> Jane, interview by Eliza Cummings, SEATINI Office Kampala, November 18, 2015.

Rainforest Alliance and 4C promote agricultural production that respects and protects the environment which is vital when understanding development within a sustainable development paradigm. As Matus, the general manager of Coffee A Cup, highlights if global temperatures rise by two degrees, Mt. Elgon Arabica coffee will not be able to grow. It is therefore imperative that environmental and climatic conditions are thoughtfully incorporated when expanding coffee production. However, in order for these specialty certifications to work they have to be profitable and beneficial to the farmers and farmer organizations undertaking production. Only if the markets exist and the premiums are large enough can small-holder producers engage in these specialty supply chains for the betterment of the environment and the primary producers. Sustainability of specialty coffee certifications therefore depend on them being sustainable businesses for the producers involved.

#### *Fairtrade: Successes and Failures*

There are many ways that Fairtrade falls short. For purposes of rural transformation and poverty alleviation, Fairtrade coffee's greatest failure is for waged laborers. The lack of standards and regulations to incorporate them as members of the supply chain represents denial of their existence and refusal to extend equitable trading terms all the way down the supply chain. Since many casual farm laborers in rural settings are the poorest or the poor, lacking their own farms to cultivate, real poverty alleviation can only be achieved through their integration in the specialty supply chain. Standardization of wages for seasonal workers is a reform Fairtrade should take seriously. Fairtrade has extensive standards and requirements, spanning 32 pages, for producers in the coffee sector, which apply to both the Cooperative organization and each individual farmer. Other than banning child and forced labor along with the requirement that anyone using agrochemicals wear protective wear, there are no labor standards. This needs to change.

An obstacle to this however, is the fact that minimum guaranteed prices only extend to the export and not producer level. While the majority of consumers think Fairtrade translates to fixed, fair prices for farmers, the reality is that many farmers participating in Fairtrade cooperatives are exposed to world market price fluctuations and believe that the prices they receive are unfair. The presence of middlemen Fairtrade companies like Great Lakes buying Coffee A Cup's coffee further complicates this issue. The premium given to the exporting company does not necessarily result in benefits trickling down to the actual producing farmers of a smaller cooperative. Fairtrade which is supposed to create simpler supply chains by removing

middlemen in fact have middlemen just under the guise of different sized cooperatives with different export capabilities. Larger cooperatives work as pseudo middlemen and decrease the average price paid to the producing farmer.

This brings up a third failure of Fairtrade related to traceability. The monitoring tools applied in Fairtrade audits for chain of custody issues largely relies on documentation provided by the certified cooperative itself. Auditors only sample registered-members which means that any potential outside member buying is not discovered. Some mechanisms are present and implemented by cooperatives themselves to make sure farmers do not mix certified and non-certified coffee. For example, extension staff work with farmers to generate yield estimates, come harvest and selling time the amount the farmer brings the cooperative must not exceed the estimate. This ensures that farmers do not bulk neighbor's coffee with their own attempting to gain better prices for uncertified coffee. However, these are imperfect sciences and regulation systems that can easily be manipulated. The government of Uganda also does not have a remotely adequate monitoring presence at grass roots levels which creates a huge risk for chain of custody abuse.

A fourth failure of Fairtrade is a lack of market penetration. Kibinge for example, is forced to sell some of its premium certified coffee for lower commercial prices because their market for certified coffee is not large enough. As Fairtrade expands among producer organizations, initiatives must be undertaken to ensure that the commodities being produced can actually be sold for Fairtrade prices.

Finally, substantial variability was found between the three different Fairtrade-certified cooperatives in terms of prices, success of social projects, payment of bonuses, and conceptualization among farmers. Fairtrade certifications mask this variability by asserting universal standard achievement. Fairtrade is experienced very differently depending on if the cooperative has export capacity and if the farmers are fully incorporated into democratic structures. A weakness of Fairtrade therefore is its unrealized universality under standards. While a consumer thinks the Fairtrade label guarantees uniformity of standards, it actually helps hide many inequalities.

With all of that said, the local impacts that Fairtrade certifications have had for the farmers of Kibinge Coffee Cooperative and Coffee A Cup cannot be understated. Although Fairtrade can be critiqued for its structural flaws and imperfect implementation, the development impacts and benefits derived by farmers in local contexts are monumental. Kibinge Coffee Cooperative members have access to a savings and credit institution, access to affordable

agro-inputs, receive double the prices offered by local middlemen, receive ongoing consistent trainings from expert extension workers, and maybe most importantly feel a sense of ownership and pride in their organizations' transparency and success. Likewise, the farmers of Coffee A Cup feel an incredible sense of loyalty to the organization and receive the best extension services offered in the Mt. Elton region. The greatest success of Fairtrade from the producer side is in the capacity building it has enabled for cooperatives to invest in farmers. As David Ayers, Kibinge Coffee Cooperative's Peacecorps volunteer explains, "traditionally the producers have been the losers, they're pushed down the most. And I think that's one big reason why cooperatives are so important, because on their own a single producer has no power, they're not going to be able to influence anything. That's why the cooperative model is so important since it gives them a single voice to actually influence prices."<sup>74</sup>

Internationally the greatest success Fairtrade has had has been in promoting a growing culture of consumer consciousness that pressures giants like Nescafé and Starbucks into taking corporate social responsibility seriously. Consumer attitudes do not always translate directly into consumer behavior willingness to pay higher premiums for ethical products. However, these consumer attitudes contribute to a growing global movement toward demanding protection and respect for farmers and workers in the developing world.

### *Fairtrade and Development*

Fairtrade can provide much needed support at local levels for producer groups who can become integrated into the global value chain in more even and beneficial trading relationships. Ethical trade labels possess the ability to support critical issues like labor rights, corporate social responsibility, as well as help fund education and health services of farmer families through improved incomes. However, "at the national level, it is not sufficient in terms of transforming a country. What is required nationally to transform a country and also to overhaul the agricultural sector is an increased government role to extensively enhance production, to channel out market, to have more controlled prices in terms of guaranteed good prices for the producers, and supporting critical areas like energy and infrastructure."<sup>75</sup> So although Fairtrade has positive developmental impacts on local communities, it fails to be a viable path for national development.

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<sup>74</sup> David Ayers, interview by Eliza Cummings, Kibinge Coffee Cooperative, November 23, 2015.

<sup>75</sup> Munu Martin, interview by Eliza Cummings, SEATINI Office Kampala, October 26, 2015.

The Ugandan country director from SEATINI explained poverty stating, “People say ‘poverty has so many dimensions, what what’ but poverty is about not having money and resources. When you have resources, you can work on other issues.”<sup>76</sup> Although development and poverty are in fact multi-faceted issues, it is true that there are very tangible development-boosting and poverty-reducing effects from simply increasing farmer incomes. If Fairtrade can better address the presence of waged labor and provide farmers better prices, serious rural transformation can occur for participating producers.

Beyond Fairtrade, coffee should be understood as a tool for development. Coffee remains a very significant factor as a single crop accounting for 15 percent of foreign exchange but more importantly, coffee has a multiplier development effect that other resources do not have. David Muwonge from NUCAFE explains, “going forward there will be oil, which will possibly be a significant means to gain foreign currency. But the trickle down effect of those reserves compared to the incomes that comes in from coffee are different. With the trickle down effect also comes a significant multiplier effects for the population. Coffee in the future will have a bigger developmental impact on the individual farmer and the country than resources that bring in bigger revenues like oil. Oil may provide greater infrastructure but it won’t touch the individual pockets of the farmers.”<sup>77</sup> In order for coffee to be harnessed as the development tool that it should be, stakeholder integration from the farmer level is absolutely critical. As David Lukwata, the general manager of Kibinge Coffee Cooperative states, “There is a mentality that farmers are not informed, but the problem is, how do you plan for a group of people of which you do not belong? If coffee is to be sustainable it needs to be in the hands of the people who actually do the work.”<sup>78</sup>

While Fairtrade and specialty certifications have a limited local scope for development, coffee as a crop has incredible national developmental potential. But, in order for this potential to be realized, the sector needs to be in the hands of those producing the commodity.

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<sup>76</sup> Jane, interview by Eliza Cummings, SEATINI Office Kampala, November 18, 2015.

<sup>77</sup> David Muwonge, interview by Eliza Cummings, NUCAFE Office Kampala Coffee House, November 26, 2015.

<sup>78</sup> David Lukwata, interview by Eliza Cummings, Kibinge Coffee Cooperative, November 20, 2015.

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## Recommendations

### **POLICY RECOMMENDATIONS**

The National Coffee Policy of Uganda is well thought out, comprehensive and if implemented effectively will lead to positive growth in the sector. It represents a key step in harnessing Uganda's coffee in a systematic way for greater development and incorporating the farmer into policies regarding the supply chain. It is vital that the primary producers of coffee are always at the forefront of decision making in the sector as they make up the largest group of stakeholders and the sustainability of coffee production depends on the profitability of the producers.

#### *Recommendation 1: Creation of separate regulatory body for the sector*

The UCDA has been tasked with too much between their responsibility to both develop and regulate the sector. A separate monitoring and regulatory structure is needed outside of the UCDA in order to ensure quality and adherence to regulations. As Mr. Muganga from the Ministry of Finance explains, "a hugely openly liberalized economy like ours is prone to abuse so you need a monitoring system."<sup>79</sup> Key issues that arose throughout the research were chain of custody problems and standard compliance. Last year, Gumutindo, a Fairtrade and Organic cooperative, bought all of the coffee produced by Esco, a new and uncertified cooperative in Kapchorwa. By all accounts Gumutindo does not deal in both commercial and certified coffee as their markets for certified coffees are large enough that they do not need to seek out conventional markets. It is possible that Gumutindo resold the coffee to another buyer who sold it for commercial prices but it is also possible that the uncertified coffee was mixed with the rest of Gumutindo's production. Chain of custody regulation should ensure that only certified coffee is sold for certified prices and uncertified producers do not have their coffee mixed and sold as though it is certified. A huge risk factor for abuse of chain of custody includes the fact that external audits by certification boards largely rely on documentation provided by the cooperative itself to check chain of custody issues.

Furthermore, although organic coffee can be tested in Kampala before export to ensure that it was not mixed with conventional coffee, Fairtrade but non-organic coffee cannot be simply tested to check if child labor and environmental degradation occurred in the production

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<sup>79</sup> Jim Mayanga, interview by Eliza Cummings, Communications House Kampala, November 19, 2015.

process. The UCDA structure for regulating buyers throughout the country on these standards relies on the District Coordinators like Isaac in Kapchorwa. These district coordinators are responsible for not only the coordination of extension services (an impossible task already) but also the regulation of companies to ensure they are adhering to standards and policies. This regulatory mechanism is not adequate. The target presented in the National Strategy of increasing sustainable certified coffees from 4 percent to 24 percent must be accompanied by greater regulatory and monitoring mechanisms.

Mixing qualities of coffee in Kapchorwa were also prevalent which not only degrades the immediate quality of coffee but drives down prices paid to farmers and discourages farmers from producing premium and specialty coffee in the future. The researcher therefore recommends the creation of a separate monitoring entity that has a more comprehensive presence throughout the country to ensure standard compliance by multi-national corporations and quality assurance.

#### *Recommendation 2: Greater stakeholder integration*

Greater stakeholder integration of coffee farmers in national discourse and decision making regarding the sector is integral to the sustainability and success of coffee production in Uganda. The researcher recommends more proportional representation of farmers in structures like the UCDA board. As the largest group in the value chain, farmers should have greater political representation in forums that steer the sector. The board currently has the same number of representatives for exporters as it does for farmers (two each). This is incredibly disproportionate as there are well over one million coffee farmers and only about 50 exporters.

Farmer opinions, expertise, and perspectives need to be more heavily integrated both through greater representation at national forums but also through greater outreach to the farmers on the farms themselves. Being on the ground and working from grassroots levels to empower and engage with farmers to better understand the contemporary challenges of producers is key in boosting the entire value chain.

#### *Recommendation 3: Commodity specific extension workers*

The first objective of the National Coffee Policy relating to production and productivity can only be fully realized with more effective commodity extension services reaching farmers. One coordinator per district working as an extension services coordinator is not enough. Coffee is a highly technical crop that demands expertise for high-yield production. The difference

between an Arabica coffee tree producing less than a kilo of dry parchment and a tree producing anywhere between 2 and 5 kilos is largely management. A coffee farmer who receives effective extension services can feed, prune, and care for their coffee trees doubling and even tripling their yields. There are huge development implications both for the individual farmer and for Uganda nationally when existing trees can go from producing less than 1 kilo to over 2. Individual farmer incomes can increase dramatically and the quantity of coffee Uganda is contributing to the international market will increase giving Uganda greater bargaining power and better prices. The national government should therefore invest in providing coffee specific extension workers rather than rely on local governments to fill that need.

*Recommendation 4: Value addition encouragement of farmers*

The researcher routinely saw prices of cherries being increased while the prices offered for parchment were decreased by multinational corporations. MNC's hide behind the excuse that this tactic ensures greater quality and uniformity of coffee beans. However, this also disenfranchises farmers in the value chain, shifting the profits made per kilo away from the primary producers to the companies.

Value addition could be encouraged in two ways. First, community motorized pulping machines could be established in areas with high volumes of coffee. This would not only increase quality since it is crucial that cherries be pulped the same day they are harvested, but it would also help farmers add value to their coffee and increase farmer incomes. A second critical way is greater price information dissemination through radio outlets. If prices for parchment were more widely known farmers would be able to demand better prices for parchment from companies that are manipulating the prices they pay for cherries versus parchment to discourage farmer value addition.

*Recommendation 5: Encouragement of farmer groups and cooperatives*

Only roughly 15 percent of farmers are part of organized farmer groups in the coffee sector. Increasing the percentage of farmers that belong to organizations is already a target the UCDA has set out in the National Coffee Policy. The researcher stresses the importance of this target. Even more important than specialty certifications, which can work as effective mechanisms to achieve higher prices, is belonging to groups to generate bulk marketing

opportunities, information sharing, and working support structures. “Growth is never by mere chance; it is the result of forces working together.”<sup>80</sup>

## **PRODUCER RECOMMENDATIONS**

The researchers recommendations for farmers and producer organizations are limited because the researcher fully believes that the answers lie with the producers. The following recommendations have come directly from successful farmers and producer organizations.

### *Recommendation 1: Ensure democracy and transparency within organizations*

The most successful groups and cooperatives the researcher worked with were ones that had expansive democratic structures that generated wide-spread representation of all farmers. Creating structures that incorporate larger numbers and sections of farmers into leadership roles are critical in generating a sense of loyalty and strength with the organization. Transparency is also critical in maintaining that loyalty and strength. Accountability of leaders and complete transparency with activities and funds are essential to the sustainability and success of organizations. Without them, farmers will not be motivated to participate and produce high quality coffee. Dialogue about the long-term investment in creating collective bargaining power is also important and goes hand-in-hand with democracy and transparency. Groups may initially be limited by capital and resource constraints limiting their ability to offer competitive prices. Dialogue about the long term benefits of building democratic and transparent practices will encourage farmers to participate and ensure the success of the group.

### *Recommendation 2: Information dissemination and trainings*

By disseminating information about agricultural practices and training farmers, farmers are empowered and able to produce high quality coffee. Information dissemination regarding prices not only builds trust with farmers but also has spill-over effects with non-members who can bargain for better prices with middlemen or motivate farmers to join organizations that are offering better prices and services.

### *Recommendation 3: Invest in existing projects with Fairtrade premiums*

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<sup>80</sup> Mourdoukoutas, Panos. "Ten Leadership Quotes From James Cash Penney." Forbes. February 28, 2013. Accessed December 6, 2015. <http://www.forbes.com/sites/panosmourdoukoutas/2013/02/28/ten-leadership-quotes-from-james-cash-penney/>.

The most successful uses of social premiums of Fairtrade cooperatives the researcher observed during the study were premiums spent to aid rather than create. Social premiums are limited and change year to year depending on the amount of coffee produced and sold. Using social premiums to build new health centers, schools, and other facilities can lead to unsustainable and unrealized development since they depend on continual outside funding to function. The most effective use of social premiums are filling gaps that need a one time injection of cash to solve local problems or deficits. Prime examples of this approach come from Kibinge where the cooperative connected the existing health center with electricity with their social premium from a year. Investing in projects that are already established do not require continual flows of money for sustainability, or compliment existing project funds are the most effective uses of social premiums and will ensure that the positive effects of the money are long term rather than short lived.

## **RECOMMENDATIONS FOR FUTURE RESEARCH**

This research set out to explore the relationship between specialty coffee certifications and development in Uganda. Key limitations of the study were time and resources. Future research should target other coffee producing areas of Uganda where the researcher was unable to go. This includes Arabica coffee producers in the West namely of the West Nile region and the Rwenzori mountains along with larger sampling of Robusta farmers throughout the central and northern regions. Additionally, random sampling and larger sample sizes should be targets of future research. Ideally, in addition to farmers, casual laborers should be surveyed to better understand the challenges they experience as members in the supply chain.

The researcher collected immense amounts of data, not all of which could be analyzed and presented under the strict time frame. The researcher therefore has plans to publish subsequent work stemming from the data collected.

Interesting areas for other future research include: comparison between multi-certified groups and single certified groups, gender-based inequality among producers, certified cooperative structural differences and their implications for producers, and potential differences between producers in the West and East due to differing levels of infrastructural development and political power.

The researcher would like to emphasize the importance of continuing to critically examine specialty certifications to understand whether or not they are viable schemes for development.

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# Appendix

## APPENDIX 1: FARMER SURVEY QUESTIONS

### **PART 1: Demographic Information**

- 1.Name
- 2.Age
- 3.Gender
- 4.Village
- 5.Nationality
- 6.Telephone number/email

### **PART 2: Coffee Production**

- 1.How many acres is your farm?
- 2.What crops do you grow?
- 3.How many coffee trees do you have?
- 4.How many acres of coffee trees do you have?
- 5.How many kilos does each tree produce?
- 6.How many times a year do you harvest?
- 7.What months do you harvest?

### **PART 3: Labor Information**

- 1.Do you hire workers for harvesting?
- 2.How many workers do you hire?
- 3.Where do you hire laborers from?
- 4.How much do you pay harvesting workers?
- 5.Does this amount change year to year?
6. If so, what is the range? Highest wage versus lowest wage paid?
- 7.Do you hire workers for maintenance?
8. How many workers do you hire?
9. Where do you hire laborers from?
- 10.How much do you pay harvesting workers?
- 11.Does this amount change year to year?
- 12.If so, what is the range? Highest wage versus lowest wage paid?

### **PART 4: Coffee Supply Chain**

- 1.Who do you sell your coffee to?
2. Why do you sell to this buyer?
3. Where do you sell your coffee? Do you travel?
4. What price do you anticipate coffee will be bought at this year?
5. What is the lowest price per kilo you remember?
6. What year was that price?
7. Why was it that low?
8. What is the highest price per kilo you remember?
9. What year was that price?
10. Why was it that high?
11. What is the average price?
12. Do you think that price is fair?
13. Why do you think prices fluctuate?
14. Are you able to sustain yourself on income for profits? What other income sources:
15. Satisfaction with buyer:
  - a. on a scale from 1-10 (1 lowest, 10 highest) how satisfied are you with the prices offered by your primary buyer?
  - b. on a scale from 1-10, how satisfied are you with the production support offered by your primary buyer?
  - c. on a scale from 1-10, how much do you think you benefit from your relationship with your primary buyer?

### **PART 5: Certifications**

- 1.Are you a registered member of a cooperative or company?
- 2.What is your view of organic certification?
3. Is there a price difference between organic and non organic (commercial) coffee? Why?
- 4.Have you heard of Fair Trade Certification?
- 5.If yes, what are the requirements of Fair Trade certification?
- 6.What is your opinion of FT certifications?
- 7.Do you think FT benefits farmers and laborers?
- 8.How does it benefit farmers and laborers?
- 9.Do FT farmers get paid more than non FT farmers?

### **PART 6: Other**

- 1.What are the greatest challenges you face as a coffee producer?
- 2.What do you think the role of government is and should be in coffee production?
- 3.Effect liberalization has had on coffee production? Difference between cooperatives in the past and companies now?

## APPENDIX 2: ADMINISTERED SURVEY TEMPLATE

ADMINISTERED FARMER SURVEY

Name			
Age			
Gender	<input type="checkbox"/> Male <input type="checkbox"/> Female	<input type="checkbox"/> Male <input type="checkbox"/> Female	<input type="checkbox"/> Male <input type="checkbox"/> Female
Village			
Nationality	<input type="checkbox"/> Ugandan <input type="checkbox"/>	<input type="checkbox"/> Ugandan <input type="checkbox"/>	<input type="checkbox"/> Ugandan <input type="checkbox"/>
Contact Number			
Total Acres			
Crops			
# Coffee Trees			
Acres of Coffee			
Kilow/Tree			
# of Harvest Times			
Harvest Months			

Page 1 of 7

ADMINISTERED FARMER SURVEY

How Harvest?	<input type="checkbox"/> Yes <input type="checkbox"/> No			
# of Workers				
Where?	<input type="checkbox"/> Family Community <input type="checkbox"/> Other communities <input type="checkbox"/> First party labor <input type="checkbox"/> Other	<input type="checkbox"/> Family Community <input type="checkbox"/> Other communities <input type="checkbox"/> First party labor <input type="checkbox"/> Other	<input type="checkbox"/> Family Community <input type="checkbox"/> Other communities <input type="checkbox"/> First party labor <input type="checkbox"/> Other	<input type="checkbox"/> Family Community <input type="checkbox"/> Other communities <input type="checkbox"/> First party labor <input type="checkbox"/> Other
Wage/month	USh _____	USh _____	USh _____	USh _____
Change?	<input type="checkbox"/> Yes <input type="checkbox"/> No			
High/Low	H L	H L	H L	H L
Was Electrified?	<input type="checkbox"/> Yes <input type="checkbox"/> No			
# of Workers				
Where?	<input type="checkbox"/> Family Community <input type="checkbox"/> Other communities <input type="checkbox"/> First party labor <input type="checkbox"/> Other	<input type="checkbox"/> Family Community <input type="checkbox"/> Other communities <input type="checkbox"/> First party labor <input type="checkbox"/> Other	<input type="checkbox"/> Family Community <input type="checkbox"/> Other communities <input type="checkbox"/> First party labor <input type="checkbox"/> Other	<input type="checkbox"/> Family Community <input type="checkbox"/> Other communities <input type="checkbox"/> First party labor <input type="checkbox"/> Other
Wage	USh _____	USh _____	USh _____	USh _____
Change?	<input type="checkbox"/> Yes <input type="checkbox"/> No			
High/Low	H L	H L	H L	H L

Page 2 of 7

ADMINISTERED FARMER SURVEY

Selling to:			
Why?			
Where? Town?			
Anticipated Price			
Lowest Price			
Year to			
Why that year?			

Page 3 of 7

ADMINISTERED FARMER SURVEY

Highest Price			
Year to			
Why that high?			
Should be average price			
Price Paid?			
Why do you not purchase?			
Are you satisfied from coffee?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Other source of income?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No

Page 4 of 7

ADMINISTERED FARMER SURVEY

A. on a scale from 1-10 (1 lowest, 10 highest) how satisfied are you with the prices offered by your primary buyer?

1 2 3 4 5 6 7 8 9 10

B. on a scale from 1-10, how satisfied are you with the production support offered by your primary buyer?

1 2 3 4 5 6 7 8 9 10

C. on a scale from 1-10, how much do you think you benefit from selling to primary buyer?

1 2 3 4 5 6 7 8 9 10

Registered? (Production Support)				
Organic?	<input type="checkbox"/> Positive <input type="checkbox"/> Negative <input type="checkbox"/> Neutral			
Price difference?	<input type="checkbox"/> Yes <input type="checkbox"/> No			
Why?				

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ADMINISTERED FARMER SURVEY

Level of FT?	<input type="checkbox"/> Yes <input type="checkbox"/> No			
Requirements				
Acquire/transfer license?	<input type="checkbox"/> Yes <input type="checkbox"/> No			
Input?				
FT get paid more?	<input type="checkbox"/> Yes <input type="checkbox"/> No			

Page 6 of 7

**APPENDIX 2: ADMINISTERED SURVEY TEMPLATE**

ADMINISTERED FARMER SURVEY				
Challenges				
Role of Government				
Liberalization of rural cooperatives?				

Page 1 of 1

## APPENDIX 3 INTERVIEW GUIDES

Organization	Questions/Topics
<b>SEATINI 1</b>	<ol style="list-style-type: none"> <li>1. Academic and professional background of interviewee</li> <li>2. General overview of SEATINI and international trade negotiations as Uganda—challenges associated with international trade negotiations</li> <li>3. Role of government in negotiations and development—specifically in terms of agriculture and coffee</li> <li>4. Opinion and knowledge of Fair Trade and Ethical Trade</li> <li>5. Issue of land grabbing in agriculture</li> <li>6. Suggestions for further contacts: government ministries and other NGOs</li> </ol>
<b>SEATINI 2</b>	<ol style="list-style-type: none"> <li>1. Professional background</li> <li>2. Responsibilities and role at SEATINI</li> <li>3. Ethical trade framework — Uganda's position in global trade negotiations</li> <li>4. Relationship of fair trade to development and international trade to development</li> <li>5. Role of the government in promoting development through trade</li> <li>6. Suggestions for further contacts or resources: trade agreements, documents, research</li> </ol>
<b>Sebei Elgon Cooperative Union</b>	<ol style="list-style-type: none"> <li>1. His professional and academic background</li> <li>2. History of the cooperative</li> <li>3. Current role and assets of cooperative</li> <li>4. Role of government in promoting/supporting agriculture and coffee</li> <li>5. Who do you think benefits most and least in the coffee supply chain?</li> <li>6. Opinion of organic certification and Kawacom?</li> <li>7. Opinion or knowledge of Fair Trade certification</li> <li>8. How can coffee be harnessed for development/what is the relationship between coffee and development</li> <li>9. Suggestions for further contacts</li> </ol>
<b>UCDA 1</b>	<ol style="list-style-type: none"> <li>1. Personal background and overview of position at the UCDA</li> <li>2. Overview and history of the UCDA</li> <li>3. Current role in coffee production in Uganda</li> <li>4. Role of government is and should be</li> <li>5. Coffee supply chain past and present</li> <li>6. Effect liberalization has had on coffee producers</li> <li>7. View of Kawacom</li> <li>8. View of organic certifications</li> <li>9. View of Fair Trade</li> <li>10. Ideas for further contacts (any with Gumutindo or within the UCDA) or data I can access</li> </ol>
<b>Coffee A Cup Management</b>	<ol style="list-style-type: none"> <li>1. His own personal background/history</li> <li>2. History and information of cooperative company, his position and responsibilities <ul style="list-style-type: none"> <li>• how many farmers are in each district, how many total, how many double certified</li> </ul> </li> <li>3. Fair trade certification and Rainforest Alliance certification <ul style="list-style-type: none"> <li>• how bonuses and social premium's work and are distributed</li> </ul> </li> <li>4. Supply chain: selling to Great Lakes—know who else is selling to Great Lakes? <ul style="list-style-type: none"> <li>• profits from sales to Great Lakes: price CAC sells to Great Lakes for</li> <li>• percent that farmer verses cooperative is receiving</li> </ul> </li> <li>5. Contacts at Kibinge Cooperative</li> </ol>
<b>Gumutindo (unused guide)</b>	<ol style="list-style-type: none"> <li>1. History of cooperative</li> <li>2. Structure of cooperative: CKW's, certifying officers, 9 primary societies</li> <li>3. Certification: requirements for Fair Trade and Organic certification, monitoring/auditing</li> <li>4. Social projects undertaken/achieved</li> <li>5. Prices paid to farmers, where is coffee exported, price paid by consumer</li> <li>6. How premiums are divided: farmer bonus/social project/production improvements</li> <li>7. Issue of Esco—selling to Gumutindo but not certified</li> <li>8. View of the government's role in coffee sector</li> </ol>

## APPENDIX 3 INTERVIEW GUIDES

Organization	Questions/Topics
<b>Ministry of Finance</b>	<ol style="list-style-type: none"> <li>1. Role of the Ministry of Finance in coffee trade and promotion</li> <li>2. Liberalization of the economy and the effect on the agricultural sector more largely (challenges and achievements of liberalization)</li> <li>3. International value chain who is benefitting and who is not (winners and losers)</li> <li>4. Trade not Aid paradigm for development</li> <li>5. Ministry has representative on Coffee Marketing Board, Ministry's role on the board and relationship with the UCDA</li> <li>6. What should be the governments role in coffee supply chain</li> </ol>
<b>Esco Management</b>	<ol style="list-style-type: none"> <li>1. History of Esco</li> <li>2. Current state of Esco (how many farmers, where did they find them, staff, etc)</li> <li>3. Relationship with Gumutindo</li> <li>4. Knowledge of Fair Trade and Organic Certifications</li> <li>5. Supply chain of coffee, who benefits the most</li> <li>6. Role of the Ugandan government currently</li> <li>7. Role it should be playing</li> </ol>
<b>Kibinge Coffee Cooperative Management</b>	<ol style="list-style-type: none"> <li>1. How has Fair Trade effected Kibinge (both cooperative and farmers)</li> <li>2. Liberalization—difference or opinions about Masaka Union and now</li> <li>3. Recommendations for other cooperatives</li> <li>4. Who benefits the most in the supply chain</li> <li>5. Governments role in development of coffee sector</li> <li>6. What do you think the government could do to really support coffee farmers and cooperatives like Kibinge</li> </ol>
<b>NUCAFE</b>	<ol style="list-style-type: none"> <li>1. Overview and history of NUCAFE</li> <li>2. His position and responsibilities</li> <li>3. Sustainable (specialty coffee) knowledge/opinions</li> <li>4. Global coffee supply chain—who benefits the most, who benefits the least</li> <li>5. Role of the Ugandan government currently</li> <li>6. What the government SHOULD be doing</li> <li>7. Connection of coffee and development</li> <li>8. Specialty coffee and development</li> </ol>
<b>UCDA 2</b>	<ol style="list-style-type: none"> <li>1. Professional background</li> <li>2. Role and responsibilities at the UCDA</li> <li>3. Organizational structure of the UCDA</li> <li>4. History of coffee production and marketing (privatization)</li> <li>5. Regulatory bodies of UCDA</li> <li>6. Fair Trade and Ethical trade issues</li> <li>7. How the UCDA is implementing the National Coffee Policy</li> <li>8. Major challenges and successes so far</li> <li>9. Role of coffee in development</li> <li>10. Role of exporting coffee in development</li> <li>11. Overview of current coffee market</li> <li>12. Statistics or data that I can access</li> <li>13. Other contacts</li> </ol>

#### APPENDIX 4 LIST OF INTERVIEWEES

<b>Name</b>	<b>Organization</b>	<b>Date &amp; Location</b>
<b>Munu Martin Luther</b>	SEATINI	October 26, 2015 SEATINI Office Kampala
<b>Manjuslio Basil</b>	Sebei Elgon Cooperative Union	October 29, 2015 Office in Kapchorwa
<b>Mwoko Musobo Stanley</b>	Ministry of Trade, Industry, and Cooperatives	October 30, 2015 Office of District Commercial Services Kapchorwa
<b>Isaac</b>	Uganda Coffee Development Authority	November 3, 2015 Office in Kapchorwa
<b>Dison</b>	Esco	November 7, 2015 Noah's Ark Hotel
<b>Bosco</b>	Coffee A Cup	November 10, 2015 CAC Office in Mbale
<b>Matius</b>	Coffee A Cup	November 16, 2015 CAC Office in Mbale
<b>Jane</b>	SEATINI	November 18, 2015 SEATINI Office Kampala
<b>James Kizito</b>	Uganda Coffee Development Authority	November 19, 2015 Coffee House UCDA Kampala Offices
<b>Tony</b>	Uganda Coffee Farmers Association	November 19, 2015 Coffee House Kampala
<b>Jim Mayanga</b>	Ministry of Finance	November 19, 2015 Communications House
<b>David Lukwata</b>	Kibinge Coffee Cooperative	November 20, 2015 Head office, Kibinge, Masaka
<b>David Ayers</b>	Kibinge Coffee Cooperative Peacecorps	November 23, 2015 Head office, Kibinge, Masaka
<b>Amelia</b>	Kibinge Coffee Cooperative Accountant	November 23, 2015 Head office, Kibinge, Masaka
<b>David</b>	National Union of Coffee Agribusiness and Farm Enterprises	November 26, 2015 Coffee House Kampala

## APPENDIX 5 CONSENT FORM



**CONSENT FORM**

**1. Brief description of the purpose of this study**

The purpose of this study is to explore the effect Organic and Fair Trade coffee certifications have on development in Uganda. The research is specifically focused on development outcomes for farmers and laborers working with certified companies and cooperatives. The research collected will be analyzed and presented in a formal report to be reviewed by the School for International Training.

**2. Risks**

Risks associated with participation in the study are minimal. All information collected will be handled with the utmost care: upholding confidentiality, privacy, and anonymity.

**3. Benefits**

It is my hope that the data collected and presented will spread awareness regarding the realities of farmers and laborers working in coffee production in Uganda. It is possible that the research will also be published by the United States State Department in a report on Sub-Saharan African supply chains which would provide a critical platform to raise awareness about these issues.

**4. Rights Notice**

In an endeavor to uphold the ethical standards of all SIT ISP proposals, this study has been reviewed and approved by a Local Review Board or SIT Institutional Review Board. If at any time, you feel that you are at risk or exposed to unreasonable harm, you may terminate and stop the interview. Please take some time to carefully read the statements provided below.

- a. **Privacy** - all information you present in this interview may be recorded and safeguarded. If you do not want the information recorded, you need to let the interviewer know.
- b. **Anonymity** - all names in this study will be kept anonymous unless the participant chooses otherwise.
- c. **Confidentiality** - all names will remain completely confidential and fully protected by the interviewer. By signing below, you give the interviewer full responsibility to

uphold this contract and its contents. The interviewer will also sign a copy of this contract and give it to the participant.

Participant's name printed \_\_\_\_\_ Participant's signature and date \_\_\_\_\_

Interviewer's name printed \_\_\_\_\_ Interviewer's signature and date \_\_\_\_\_

**5. Additional consent**

If you consent to any of the following please indicate your consent with a check mark next to the item followed by a second signature at the bottom of the page.

- I consent to having photographs taken and published
- I consent to having my name published in the report
- I consent to having the information I volunteer used in future publications by the researcher
- I consent to having this interview recorded

Participant's name printed \_\_\_\_\_ Participant's signature and date \_\_\_\_\_

Interviewer's name printed \_\_\_\_\_ Interviewer's signature and date \_\_\_\_\_

## APPENDIX 6

### Satisfaction with primary buyer on a scale from 1-10

	Price	Extension Services	Overall Benefit
Kawacom	4.44	3.05	3.94
Gumutindo	7.45	6.6	6.54
Coffee A Cup	6.72	8.34	7.9
Esco	4.3	3.2	4.8
Commercial Coffee Buyers (Great Lakes, Kyagalani, Middlemen)	5.55	4.25	6.5
Kibinge Coffee Cooperative	7.45	8.4	8.075
Kibinge Middlemen	4.3	2.2	4.88

APPENDIX 7	CHANGING WAGES OF HIRED LABOR			
	Changing Wages Maintenance Labor		Changing Wages Harvest Labor	
	Yes	No	Yes	No
Fairtrade Certified	46%	54%	60%	40%
Gumutindo	40%	60%	50%	50%
Kibinge Coffee Cooperative	45%	55%	50%	50%
Coffee A Cup	48%	52%	72%	28%
Non-Fairtrade Certified	53.33%	46.66%	60%	40%
Kibinge Middlemen	33%	66%	23%	77%
Commercial Buyers	50%	50%	80%	20%
Kawacom	60%	40%	60%	40%
All	49%	51%	60%	40%