

The Coffee Farmer

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National Union of Coffee
Agribusinesses and Farm
Enterprises (NUCAFE)



(The Coffee Farmers Association of Uganda)

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NUCAFE ELECTS B.O.D



All Smiles, the newly elected NUCAFE Board of Directors after the elections that were held in Masaka District, Greton Hotel. (C) Hon. Gerald Ssendaula ready to steer the coffee farmers organisation

The National Union of Coffee Agribusinesses and Farm Enterprises (NUCAFE) conducted its Board of Directors elections, this memorable event was conducted in Masaka being a more centrally located point for all the delegates, at Greton Hotel located amidst the very busy town of Nyendo. The event took place on the 4th August 2007 attracting coffee farmers representatives from all over the country, a large number of observers, and others represented by their chairpersons as delegates.

The event also attracted several delegates from Key Agricultural and/or Coffee sector like Coffee Research Institute (CORI), Uganda Coffee Trade Federation (UCTF), Uganda Coffee Development Authority (UCDA), Danish Association for International Cooperation (MS-Uganda), Uganda National Farmers Federation (UNFFE), National Agricultural Advisory Services (NAADS), National Organic Movement of Uganda (NOGAMU), Private Sector Foundation

Turn to page 2:

U.C.D.A WELCOMES THE NEW BOARD OF NUCAFE



UCDA Managing Director, Mr. Henry Ngabirano and NUCAFE Chairman Hon. Gerald Ssendaula strategizing on how to boost Uganda's coffee production

I was very excited to see the line up of the new Board of NUCAFE, for once we are going to be challenged to work much harder because these new directors are much more serious, this calls for a new oriented partnership. Mr. Nga-

Turn to page 4:

ABOUT NUCAFE

NUCAFE's Vision:

- Coffee Farmers profitably own their coffee along the value chain.

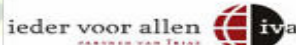
NUCAFE's Mission:

- To establish a sustainable farmer owned and operated organisation for the benefit of the members.

Sponsored by AGRICORD,



With technical support of IVA



WHAT IS HAPPENING TO ORGANISED FARMERS GLOBALLY???

The representatives of coffee farmers from five coffee producing regions including Central America, the Caribbean, Asia, Africa and South America met from the 9th to 10th July 2007 in the Spanish speaking Capital of Honduras, Tegucigalpa in Central America. The main purpose of the Assembly was to draw a roadmap for the years 2007 - 2009 and also to hold elections for the world body (GLACC) that brings together coffee farmers. First to be put in place was the election committee which was presided over by Mr. Joseph Nkandu, the Executive

Turn to page 2:

ORGANISED FARMERS...

From page 1: Director of NUCAFE from Uganda as the Chief Election Returning Officer. In a hotly and tightly contested election between El Salvador and Honduras, Mr. Joseph Nkandu declared the winner for the next two years 2007 to 2009 secretariat of the Global Alliance on Coffee and Other Commodities (GLACC) being La Central Cooperative in Honduras. La Central Cooperative polled 57% of the votes well as El Salvador polled 43%. All the votes were valid as casted by the coffee farmers' organizations from Brazil, Peru, Ecuador, Guatemala, Dominican Republic, Tanzania, Uganda and the two contesting countries; El Salvador and Honduras. From Uganda, Mr. Herment Mrema and Mr. Joseph Nkandu participated on behalf of NUCAFE.

The election committee consisted of a Brazilian, an El Salvadorian and a Ugandan as the Chief Election Returning Officer who declared the results of the elections.

Observers and facilitators of the assembly and elections were Oxfam International in Honduras and its sister organization, Oxfam America.

The World coffee farmers' chairman is now Mr. Gagoberto Suazo who is the president of La Central Cooperative in Honduras. Therefore, La Central Cooperative will host the Secretariat of GLACC for the next two years.

The main priority agenda for GLACC in the coming two years include:

Advocacy for fair prices through narrowing the value gap between consuming and producing countries

Advocacy on economic partners' agreements – EU and USA with the south.

Intensify mobilization of farmer organizations which are not yet aware of GLACC

Lobbying for funding and capacity building for coffee farmers organizations from multilateral agencies

Establishing information exchanges and networks of alliances.

The assembly ended with a declaration of members committing themselves for building a strong GLACC that will play a major role in contributing to poverty eradication in coffee producing countries.

NUCAFE ELECTS...



In Honduras; clock wise: ED-NUCAFE Joseph at a conference in his focus group, after a long days work, participants enjoy Iced Coffee, Joseph admires the coffee consumption promotion being done, participants at the GLACC conference pause for a group photo after the conference

Each of the candidates was given time to speak to the electoral colleges. The race was stiff and tight, the emerging winners for all the available positions were announced by the returning officer where the winners were, Mr. Ssendaula Gerald as Chairperson, Mr. Bangirana Cyprian as Vice Chairperson, Mr. Luyombo

..Fair prices through narrowing the value gap between consuming and producing countries..

From page 1: Uganda (PSFU), National Agricultural Crop Resources Research Institute (NACRRI), Netherlands Embassy and various Coffee Exporting Companies.

A few minutes past Midday the old board was dissolved and a new one was to be chosen, this process was closely monitored by the presence of foreign observers. The Executive Director of NUCAFE, Joseph with the powers vested in him became the returning officer.

The Positions for the Board of Directors available and contested for were (17) seventeen with new key positions like, Director Membership Development, Director Research for Development, Director Projects Partnerships and Innovations, Director Coffee Rehabilitation and Replanting, and Director for Business Development Services.

Phillip Muluya as General Secretary, Mr. Mundeyi Davis as Treasurer, Mr. Buule Ronald Senjobe as Director for Youth affairs, Ms. Hellen Acam K. Elungat as Director for Women affairs, Mr. Gaanya John Francis as Director for Central Region, Mr. Chekwel Mwamundu as Director for Director for Eastern Arabica Region, Mrs. Harriet Taitika as Director for JIKMBK Region, Mr. Nsubuga Constatine as Director for Lake Islands Region, Ms. Tishekwa Leonard as Director for Western Region, Mr. Acamfua Charles as Director for West Nile and Northern Region, Region, Mr. Muligi Ntambi as Director Membership Development, Professor Julius Zake Kitungulu as Director Research for Development, Mr. Francis Muheire as Director Projects Partnerships and Innovations, Mr. Vincent Mulindwa as Director Coffee Rehabilitation and Replanting and Mr. Ezra Lugya as Director for Business Development Services.

The Annual general meeting was adjourned by closing remarks from the New Incoming Chairperson. From the comments got from the observers word has it that, the new board for NUCAFE is a board of change and that it's going to propel the organization to

USDA NOP AND GROWER GROUP CERTIFICATION

Many members have contacted the SCAA about recent news that the USDA would no longer be certifying coffee cooperatives as organic operations. Some hold a belief that there had been a change to the rules to the National Organic Program (NOP). Some fear that this signals an end to Organic Fair-Trade coffee in the U.S. This document hopes to shed some light on this situation as well as inform you on how the SCAA is getting involved.

Mark Bradley, NOP Associate Deputy Administrator, announced at the recent Certifying Agent Trainings (held January 23, 2007; EcoFarm Conference, California; and February 15, 2007, BioFach, Germany) that the current NOP interpretation of §205.403 (a), "all production units, facility and sites must be 100% site-inspected on an annual basis," includes all sites within a Group Management Opera-



Such groups of Organised farmers would love to enjoy the fruits of their labor, by earning premiums prices for their produce, and reduced costs by group certification of their produce

not inspected by the NOP Accredited Certifying Agent annually. Group Management Operations have established Internal Control Systems (ICS) to ensure that all members of the group are operating according to their Organic Compliance Plan and the NOP rule.

All individual members are inspected by the ICS on an annual basis. The ICS, and a prescribed percentage of the individual members, are inspected by the Certifying Agent annually to verify that the entire operation, including all members of the group, are compliant. This group certification scheme is in line with the National Organic Standards Board's (NOSB) 2002 recommendations on group manage-

ment certifications as well as grower group certification guidelines developed by the European Commission and the International Federation of Organic Agriculture Movements (IFOAM).

Group management systems that are currently certified to the NOP include community grower groups in developing countries as well as grower and handler groups, e.g., Amish growers and retailer groups, in the USA and Canada. Group Management Operations are normally composed of a large number of individual members who operate and produce similar products such as coffee, tea, cocoa or sugar cooperatives. Inspecting 100% of members is often cost prohibitive for the certified operation.

It is important to note that there has not been any change to the NOP concerning this issue. In fact, the rule has been in existence since the National Organic Program launched in 2002. The rule simply states: § 205.403 On-site inspections. (a) On-site inspections. (1) A certifying agent must conduct an initial on-site inspection of each production unit, facility, and site that produces or handles organic products and that is included in an operation for which certification is requested. An on-site inspection shall be conducted annually thereafter for each certified operation that produces or handles organic products for the purpose of determining whether to approve the request for certification or whether the certification of the operation should continue.

The law upon which the regulations are based requires inspection of every farm: OFPA 2107 (a): In General. A program established under this title shall—(5) provide for annual on-site inspection by the certifying agent of each farm and handling operation that has been certified under this title.

Details are available at the SCAA website.

...a better price will not be justified if the quality is poor...

tion. This is contrary to current national and international certification schemes for these types of operations.

Currently, all members within a group management operation are

COMING TO YOU SOON IN OUR NEXT ISSUE:

The challenge of getting certified, the tough road, sacrifices involved in getting certified....

Contracts in the coffee industry; what to consider in terms of quality, shipping, mode of delivery, terms of payment and using intermediaries....

Experiences of Business Managers in the past year, their view of challenges and Successes achieved....

More coffee prices, And so much more....

Current coffee prices:

Robusta Kiboko

1000 - 1100 UgX

Robusta F.A.Q

2100 - 2100 UgX

Arabica:

2400 - 2500 UgX

UCDA, NUCAFE MEET...

From page 1: birano the Managing Director of Uganda Coffee Development Authority (U.C.D.A) said during the recently held meeting between the regulatory body management and the farmers B.O.D

The meeting was held at the UCDA offices where the New Chairman of NUCAFE, Hon. Gerald Ssendaula was presenting issues that were raised during the concluded Annual General Meeting, which included; The continued decline in coffee production and new possible solutions the Coffee Wilt Disease (C.W.D) that has led to over 45% reduction in coffee production, the continued decline in coffee quality sighting examples of processing plants that process wet coffee, outstandingly the Catimors (low land Arabica) a new coffee variety that farmers are rapidly adopting, the declining soil fertility and the farmers' representation at the regulatory body's Board.

A way forward was drawn including how to encourage coffee farmers to double and/or triple their production thus increase Uganda's production.

WORLD COFFEE PRODUCTION DECLINES FURTHER...

World coffee exports totalled 7.64 million bags in August 2007, a decrease of 12.6% compared with the volume of 8.73 million bags recorded in August last year. Exports in the first 11 months of coffee year 2006/07 (Oct-06 to Aug-07) were up by 10.7% from the same period last year - totalling 89.47 million bags compared to 80.82 million bags.

Arabica exports in the 11-month period went up by 8.2% from 53.94 million bags to 58.34 million bags, whereas Robusta exports increased by 15.8% from 26.88 million bags to 31.13 million bags. Total exports in the 12-month period (September to August) went up by over 11.3% from 87.02 million bags in 2005/06

ETHIOPIAN COFFEES EARN \$250,000 IN ONLINE AUCTION



A coffee farmer receives payment for his coffee that was sold through group marketing, at the group offices from the Business Manager

NUCAFE in partnership with Uganda Coffee Development Authority (UCDA) have been on a long drive of improving both coffee quality and

...never released that coffee, farmers are supposed to seek for guidance from researchers...

quantity, this has been further strengthened and enhanced by support from Café Africa in targeting increased production a drive to last for over eight (8) years, while value addition is one of the core objectives of both farmers' and regulatory body this is at the processing level utmost.

Coffee sales in Kenya and Tanzania go for higher prices despite the low production quantities, this is so because of the auction market available in these countries, with the increasing coffee production campaign in place, are there any guarantees that the coffee farmer will be able to get a good price for his produce, is there a possibility of a coffee auction center, is Uganda ready for this, where coffee marketing is still based on rudimen-

tally methods and yet still farmers are selling off flowers, coffee buds, green cherries, in their gardens and very few have managed to progress to marketing red cherries and Kiboko whereas the minority are marketing green beans (FAQ)

Twenty-seven lots of award winning Ethiopian coffee went up for bid online in the second annual Ecafe Gold coffee auction, organized by the Ecafe Foundation and hosted by the Specialty Coffee Association of America (SCAA) Marketing Partner's program. Nearly 700 60-kilo bags made up the 27 lots of green coffee, which earned a total of \$253,550. The highest bid was \$10.65 a pound for 11 bags of organic Yirgacheffe from the Hama Cooperative. The Hama coffee ranked number one in the sun-dried unwashed category, with a score of 92.5, during an international cupping competition.

A jury of professional coffee cuppers from around the world picked 27 lots of coffee from more than 175 submissions after several weeks of evaluation in February of this year. All coffees were submitted by small farmer cooperatives with a commitment to sustainable agriculture.

...Average price paid per pound is auction was \$2.75 which is more than double the current commodity price...

The auction lasted for six hours as 40 bidders competed for these prized Ethiopian coffees. The average price paid per pound in the auction was \$2.76, which is more than double the current commodity price for coffee.

INDEPENDENT OBSERVERS' COMMENTS



Ms. Betty Namwagala Executive Director UCTF, Mr. Kizito Mayanja - Principal Market Analyst and Mr. Julius Madira - Monitoring and Evaluation Officer of UCDA, registering upon arrival at Greton Hotel in Lukaya - Masaka



Mr. Thim Andersen - MS Uganda, discussing with Mr. Samson Ker-mundu about the progress of coffee production in the northern region, how it has been affected by the on going insurgency.

Dear ED NUCAFE and the entire Secretariat,

I would like to appreciate the success registered by NUCAFE during the AGM meeting held at Greton Hotel Masaka on 4th August 2007 in which I attended as an independent observer. I specifically appreciated the ED's PowerPoint presentation in which both the global and local coffee supply and demand outlook were explained, more so the proportion of producers (farmers) income as compared to the overall global coffee income (US\$ 9bn Vs 90bn) and also how farmers lose when they sell the flower, unripe berries as opposed to selling Kiboko or even FAQ. This was also compounded by the consequences (in terms of quality deterioration) that arise when coffee is not properly handled.

As one working for UCDA, I made it a point to air these developments on Central Broadcasting Corporation (CBS) on Sunday 5th August 2007 in the weekly coffee farmer programme where I also had an opportunity of announcing some of the names of the new Board members: Chairman, Vice Chairman, Secretary, Treasurer and other directors. I have received a number of calls and SMS from radio listeners who also appreciated the quality of the new board members elected who are bringing in experience and I believe will be able to influence policy. This calls for positive engagement with us the regulators (UCDA) and other stakeholders in the coffee industry to uplift the standard of living of the coffee farmer.

Lastly but not least, what was very interesting to me was also the participants' reactions which hinted on the key critical areas affecting coffee production:

- Soil depletion
- Coffee Wilt Disease
- Commitment of leaders
- Involvement of the youth in coffee production and consumption
- The catimors (Tuzza variety) and its implication on Uganda's Robusta as a unique origin.
- Ownership model which should be popularised.

We are optimistic that the 'new blood' will bring in fresh ideas, fresh changes which uplift the welfare of coffee farmer and thus reduce poverty. This will make UCDA's work easier but will also increase foreign exchange quite substantially, one of UCDA's main goals and also point in a positive direction towards the fulfillment of the Millennium Development Goals (MDGs).

Regards
James Rogers Kizito-Mayanja
Principal Market Analyst
UCDA



Uganda Coffee
Development Authority

Dear Joseph Nkandu,

Thank you very much for a well organized AGM and Board election which took place at Masaka on the 4th of August. The meeting was very informative and I was pleased to represent MS Uganda for this important function. Unfortunately I had to leave before the election was finished but I am sure the organization elected a highly competent board.

At the meeting I enquired about memberships application forms as I briefly informed you that I am having a coffee farm in Nabingoola and would very much like to become a member of the NUCAFE organization. Please advise where I can collect my application forms or if it is possibly please forward by email or ordinary mail.

Kind regards

Thim Andersen, Administrator

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MS Uganda
Danish Association for
International Co-operation

PHOTOS ILLUSTRATING THE NUCAFE BOARD ELECTORAL PROCESS



(1) The former Chairman Mr. Jack Bigirwa talking to some of the candidates. (2) Hon. Gerald Ssendaula before elections talking to the Business Managers. (3) Hon. Ssendaula cracks a joke with Mr. Mrema Senior Business Manager - NUCAFE. (4) Mr. Vincent Mulindwa registering upon arrival at "the Venue", Mr. Ishaka Lukenge, Prof. J. Y. K. Zake and Mr. Hilton Maganda - Accountant NUCAFE look on. (5) Eng. Ssematiko and Colleague Chairman Macadamia F. A, (6) The former Chairman and his Vice have a word.



NUCAFE BOARD OF DIRECTORS ELECTIONS IN MASAKA...



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1) Mr. Thim Andersen and Colleague - MS Uganda, (2) Mr. Ishak Lukenge of Star Café, (3) Mrs. Sarah Kayanga T. then Ag. Executive Director and Colleague - UNFFE, (4) Ms. Betty Namwagala, Ag. Executive Director - UCTF; Mr. Kizito Mayanja - Principal Market Analyst and Mr. Julius Madira - Monitoring and Evaluation Officer - UCDA. (5) Dr. Kahangire Africano - Director CORI were some of the observers that graced the occasion that took place in Masaka



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(1) The Last Meeting. Chairman NUCAFE Mr. Jack Bigirwa addressing his Board Members (2) Mr. Joseph Nkandu E.D NUCAFE introducing the Staff that made it happen (3) The Board Members listening to the Chairman addressing the Congregation (4) A hall view of the Congregation (5) A group Photo for the Congregation. (6) Be Strong; The Outgoing tells Incoming Chairman of NUCAFE. (7) Casting the Ballot, Chairman Lwengo casts his Vote. (8) Mr. Ishaka L. Congratulates the new Board Members and Auditor



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THE OUT-GOING BOARD OF DIRECTORS



Left to Right (Front Row): Executive Director (EX-Oficio) Mr. Nkandu Joseph ; Treasure - Mr. Mundeji Davis; General Secretary - Mrs. Nyanzi Alice Nakiganda; Chairman - NUCAFE , Mr. Bigirwa Jack Lucas; Vice Chairman - Mr. Mulya Phillip Luyombo; Director JIKMBK - Mrs. Tatika Harriet , Director Youth - Mr. Gaanya John Francis
Left to Right (Back Row): Director Central Region - Mr. Muligi Ntambi Emmanuel, National Mobiliser , Director Kalangala Region - Mr. Nsubuga Constantine (In set) Director Eastern Region - Mr. Kisoro Paul

THE IN COMING BOARD OF DIRECTORS



Left to Right (Front Row): Treasure - Mr. Mundayi Davis; National Mobiliser - Mr. Muligi Ntambi Emmanuel; Director For Business Development Services - Mr. Ezra Luggya; Director Eastern Arabica Region - Mr. Chekwel Mwamundu; Executive Director (Ex-Oficio) Mr. Nkandu Joseph .

Second Row Left to Right Director JKMBK - Mrs. Taitika Harriet ; Director Research and Development - Pof. Kitungulu Zake Julius; Vice Chairman - Mr. Bangirana Cyprian, Chairman - NUCAFE , Hon. Ssendaula Gerald; Director Western Region - Mrs. Tishekwa Leonard ; Director Lake Islands Region - Mr. Nsubuga Constantine; General Secretary - Mr. Muluya Philip Luyombo;

Back Row, Left to Right : Director For Youth Affairs - Mr. Ronald Buule Ssenjobe; Director West Nile And Northern Uganda Region - Mr. Charles Acamfua; Director For Women Affairs - Ms. Hellen Acam K. Elungat, Director Coffee Rehabilitation And Replanting - Mr. Vincent Mulindwa, Director Central Region - Mr. Gaanya John Francis

Inset: Director, Projects, Partnerships And Innovations - Mr. Francis Muheire

CONTRACTS IN THE COFFEE INDUSTRY

Specifying 'quality': on sample basis

Because descriptions provide a minimum of detail concerning quality they are seldom if ever used for the trade in high quality coffee. In addition, buyers know that different sellers have their own interpretation of FAQ and so prefer to deal with shippers whose interpretation is acceptable to them. However, a trader wishing to short-sell XYZ Arabica grade one FAQ forward does not necessarily know in advance which shipper or exporter he will later buy from.

In this case the term first class shipper can be added to the description, thereby implying that a reputable exporter will ship the coffee. But the term first class is open to interpretation as well and so the contract may instead stipulate the names of exporters of whom the buyer approves, one of whom must eventually ship the coffee. Large roasters are quite flexible about the origin of standard or commercial grade coffee, and to widen their purchasing options often leave the seller free to deliver an agreed quality from one of a number of specified origins and shippers.

Subject to approval of sample (SAS):

This is one way to eliminate most of the quality risk inherent in buying unseen coffee from unknown shippers, as buyers are not obliged to accept any shipment that they have not first approved. SAS obliges the exporter to provide an approval sample before shipment. There are three generally recognized possibilities.

SAS, no approval no sale. If the sample is not approved the contract is automatically cancelled.

SAS, repeat basis. If the first sample is rejected, a second or even a third sample may be sent. Sometimes the contract will mention how many subsequent samples can be submitted. This option provides maximum quality security without immediately jeopardizing the contract, and works well in long-standing relationships.

ardizing the contract, and works well in long-standing relationships.

SAS, two or three samples for buyer's choice. When the buyer's quality requirements are very specific, and in order to save time, multiple samples may be submitted at the same time. To avoid confusion such contracts should stipulate whether repeat samples may be sent or whether no approval means no sale. Theoretically, an exporter who feels aggrieved by what seems to be an unreasonable (intentional) rejection and cancellation could declare a dispute and proceed to arbitration.

The chance of success would however be extremely slim if not non-existent, not least because an arbitration panel might rule it has no jurisdiction over

coffees, stock-lots usually are the best route.

Once a satisfactory delivery has been made, an exporter may wish to sell a similar quality again. Rather than send new samples, the exporter may offer quality equal to stock-lot X; this guarantees that the coffee is of comparable quality, suitable for the same end-use as the original purchase. The words equal to must be used because the sample was not drawn from the new lot of coffee. If the exporter feels that the quality is very similar but that a little latitude is needed as to the coffee's bean size or green appearance, they may say quality about equal to stock-lot X. Usually, such business is only between parties in a long-standing relationship who know each other well.

....the contract will mention how many subsequent samples can be submitted

what was in essence a purely conditional contract that never became binding (because the buyer did not approve a sample). Exporters should therefore be fairly selective when agreeing to sell subject to approval of sample.

Stock-lot sample: Selling on stock-lot sample avoids potential approval problems. The sample represents a parcel that is already in stock so there should be no discrepancy between the sample and the shipment, including the screen size (even if the screen size was not stipulated). Day-to-day business would become too cumbersome if one insisted on stock-lot samples for all deals, but for newly established exporters or for those wishing to break into a niche market or to trade top quality

Type: Once a few transactions have been satisfactorily concluded, buyer and seller may decide to make the quality in question into a type. Both parties are now confident that the quality will be respected and business can proceed without samples (although some roasters will still insist on pre-shipment samples). Usually the quality of a type (like a recipe) is kept confidential between shipper and buyer. Top or exemplary coffees are mostly sold on sample or type basis whereas medium and standard qualities are more often traded on description.

The shipping period

The most often-encountered trade terminology includes:

Date of shipment: the on board or shipped date of the bill of lading. Contracts should always stipulate from which port(s) shipment is to be made. For FCA contracts the **date of delivery** is the date of the carrier's receipt.

Spot goods have already arrived overseas, e.g. available ex warehouse Hamburg.

MORE ABOUT CONTRACTS...

From page 8: **Afloat:** coffee that is en route, i.e. on board a vessel that has sailed but has not yet arrived.

Named vessel (or substitute): shipment must be made on a specified vessel. Adding or substitute ensures that shipment can also be made if the shipping line cancels the named vessel or replaces it with another. Many contracts simply stipulate the shipping line that shall carry the goods.

Immediate shipment: shipment within 15 calendar days counted from the date of contract.

Prompt shipment: shipment within 30 calendar days counted from the date of contract.

Shipment February (or any other month): shipment is to be made on any day of that month (single month); February/March sellers option means shipment will be made on any day within those two months (double month).

The shorter the shipping period, the shorter the roasters exposure to market fluctuations and the more precise physical and financial planning can be. Buyers generally look for less exposure, and double months are not popular. After all, shipment March/April means that shipment can be made at any time during a 61-day period, which does not go well with the increasingly prevalent just-in-time (JIT) philosophy (see 05, Logistics, for more on this). Sellers in landlocked countries or those with inefficient shipping connections are often forced to sell on double months. By contrast, countries as Brazil and Colombia can guarantee coffee to be available in Europe within 21 days from the date of sale (10 days or so for the United States). Inability to offer precise shipping options (named vessel, immediate or prompt shipment, first half of a month) is a marketing handicap.

Delivery commitment

Offers and contracts must stipulate the point at which the exporter will have fulfilled their commitment to deliver, that is, the point at which risk and responsibility are transferred to the buyer.

Free on board (FOB): the goods will be loaded at the sellers expense onto a vessel at the location stipulated in the contract, e.g. FOB Santos. The seller's responsibilities and risk end when the goods cross the ships rail, and from then on the buyer bears all charges and risk. (Under an ECC (European Contract for Coffee) FOB contract the buyer is responsible for insuring the goods from the last place of storage ahead of loading on board, e.g. the port warehouse, but this is not the case under the GCA FOB contract.) Most coffee contracts are FOB although the use of FCA contracts is on the increase.

Free on truck (FOT) or free on rail (FOR): in landlocked countries the sale is often FOT or FOR, with buyers themselves arranging transport to the nearest ocean port and onward carriage by sea. International transporters, usually linked with shipping lines, often offer one-stop services, taking the goods in hand in Kampala, Uganda, and delivering them to Hamburg, Germany, for instance, using a single document known as a combined bill of lading covering both inland and maritime transportation*. The exporter provides the customs clearance documentation.

Free carrier (FCA): risk of loss is transferred when the coffee is delivered to the freight carrier at the place of embarkation. All freight charges, including loading onto an ocean vessel, railcar, trailer or truck (combined bill of lading), are payable by the buyer. The exporter provides the customs clearance documentation.

Cost and freight (C&F or CFR): the seller is responsible for paying costs

and freight (but not insurance) to the agreed destination.

Cost, insurance, freight (CIF): the seller is also responsible for taking out and paying the marine insurance up to the agreed point of discharge. Very rarely if ever used nowadays.

In all cases it is the sellers responsibility to deliver the shipping documents to the buyer. When a parcel is loaded on board ship, a mate's receipt is issued to the ships agent. This is the legal basis for the bill of lading (B/L), which should be prepared and issued immediately. Shippers are entitled to the B/L as soon as the goods have been loaded. Some agents release them only once the vessel has sailed, but this is incorrect and causes unnecessary cost.

The International Chamber of Commerce's *Guide to Incoterms* (2000) contains a more detailed description of these and other shipping terms. However, the standard contracts used in the coffee trade all state or imply that

...the seller is responsible for taking out and paying Marine Insurance ...

under an FOB sale too the seller is responsible for booking freight space, arranging shipment and producing a full set of shipping documents. *These stipulations in standard coffee contracts differ from, and supersede, the Incoterms definition of FOB.*

* Unless special arrangements have been made with the carrier, such shipments must be re-stuffed at the port of shipment if an LCL bill of lading is required.

We are on the web:
www.ugandacoffee.org/stakeholders/farmers
www.avban.org/associations/nucafe2

**NATIONAL UNION OF COFFEE
AGRIBUSINESS AND FARM
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NUCAFE

**FOR SUSTAINABLE QUALITY
AND COMMERCIALISATION
THROUGH FARMERS'
ORGANISATIONS
DEVELOPMENT**

RECONVERSION OF SMALL COFFEE FARMS IN SELF SUSTAINABLE AGRICULTURAL FAMILY UNITS

The project is designed to provide alternative production and development options to alleviate the poverty of coffee-growing families through the introduction, in coffee farms, of new profitable agricultural activities that guarantee higher income levels, greater food security and preservation of natural resources.

The launch took place in Manta on 15 September 2007 in the presence of H.E. Ambassador Mr. Ali Mchumo, Managing Director of the Common Fund for Commodities (CFC), Mr. Roberto Vera Moreira, representative of the Ministry of Agriculture and Mr. Miguel Camino Solórzano, representative of the Mayor of Manta. Also present were Mrs. Lilian Volcan, ICO Economist, Mr. Caleb Dengu, First Project Manager of the CFC, Mr. Juan Alberto Vera Zambrano, President

and Executive Director of COFENAC, which will act as the Project Executing Agency, Mr. Jorge Salcedo, President of ANECAFE and representatives of the cooperatives participating in the project.

...reconvert coffee farms into self-sustaining agricultural units through diversification ...

The main objective of the project to strengthen the management capacity of producer organisations and bodies involved in the project areas. The project seeks to reconvert 1,200 coffee farms into self-sustaining agri-

cultural units through diversification of their agricultural production systems. The project will also promote the processing of primary commodities and the development of co-operative marketing channels for the local market. The results of the project will also be disseminated to Cuba, Guatemala and Honduras.

The project is valued at a total of US\$3,198,635, with contributions of US\$61,117,640 from the CFC as a grant and US\$1,651,912 from COFENAC and in-kind contributions from farmers, with the ICO as supervisory body. Dissemination activities in the various countries will be implemented by the Ministry of Agriculture (Cuba), ANACAFE (Guatemala) and IHCAFE (Honduras).