

# The Coffee Farmer

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National Union of Coffee  
Agribusinesses and Farm  
Enterprises (NUCAFE)



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## NUCAFE EVENTS

- December 28th: **NUCAFE SWOT analysis conducted and concluded**
- December 13th: **Meeting with Prof PROF. SIETZE VELLEMA FROM Netherlands to asses C.C.C.C tools**
- December 5th: **Consultative meeting with a team led by P. Kajumbe Deputy commissioner for Co-op. development. Ministry of Co-operative development and marketing from Kenya**
- December 1st: **NUCAFE profiling..**

## NUCAFE, THE TURNING POINT OF A SMALL HOLDER COFFEE FARMER



From L - R: Mr. Jack Bigirwa, Chairman NUCAFE; Mr. Herment Mrema, Senior Business Manager; Mr. Joseph Nkandu, Executive Director; Mr. Patrick Eeckloo, Programme Officer IVA and technical advisor to NUCAFE during the Evaluation of 2005 AGRICORD Funded NUCAFE project and Profiling Workshop in November - December 2005

BY: Joseph Nkandu, Executive Director

The year 2005 was a year of hard working and a year of tremendous Growth, reorganization, improved training, advocacy and Marketing for smallholder coffee farmers. Structural delivery systems, quality, standards and certification were key ingredients in the project implementation.

Before implementing other project activities, a baseline survey in 20 associations using 200 questionnaires was carried out to ascertain the existing social, economic and environmental situation of the target farmer project beneficiaries.

### GROWTH

In 2005, NUCAFE has realized a growth rate in membership of 70% from an annual average of 10% in 2004 and years before (i.e. from 60 member associations to

102).

There was an exponential formation of Quality Producer Groups of 275%, from a target of only 160 groups to 600 groups.

Generally the organization had an increase of 550%, from 2 paid staff in 2004 to 13 paid staff both at the Secretariat and field (Association) level. At the Secretariat, an increase of 150% was realized from only 2 paid staff in 2004 to 5 paid staff in 2005. There was recruitment of 9 Business Managers for 21 associations in 2005 from nothing paid staff in 2004.

### TRAINING

There was an increase of 2000% farmers who effectively participated in training in Good Agricultural Practices, Marketing and market trends, from 780 farmers trained in 2004 to 18117

farmers trained in 2005.

### MARKETING (WITH QUALITY AND STANDARDS ASPECTS)

The 2005 programme recorded improvement in tonnage of coffee sold NUCAFE organized structures and registered a percentage increase of 81% (i.e. from 69MT in 2004 to 125MT in 2005. As a result of that, farmers involved in marketing of value-added Fair Average Quality (FAQ) registered 200% increase in income per kilogram (i.e. from Uganda shillings 600 for 2 kg of kiboko assuming 1kg of FAQ = 2kg of Kiboko to Ugshs 2000 per kg of FAQ.

NUCAFE associations marketed 25MT of green coffee through the Warehouse Receipt System within the Ministry of Tourism, Trade and Industry (MTTI).

Through characterization of Uganda coffee under the appellation project of the French Agricultural Research Centre for International Development (CIRAD), NUCAFE organized 90 samples of coffee of which 60 were for Robusta and 30 for Arabica. Cup tasting was carried out at UCDA quality laboratory at Lugogo in Kampala in which the the Riotish (Rioté in French) taste in coffee obtained from NUCAFE associations in Kalangala and Bunjako islands was discovered. For so many years the riotish taste has been known to be found in Brazilian Arabica.

NUCAFE also managed to broker Utz Kapeh certification funding for its member association, Kibinge Coffee Farmers Association. The project to be managed directly by Kibinge Coffee Farmers Association will be provided with technical guidance from NUCAFE,

## THE TURNING POINT CONTINUED:

### From page 1:

Mr. Joseph Nkandu, Mr. Herment Mrema who were trained by the International Market Ecology (IMO) in Nairobi, Kenya commissioned by Utz Kapeh Foundation with funding from Coffee Support Network. They will be technically supported by the Utz Kapeh Consultant. The Contract was signed on 29<sup>th</sup> December 2005 with a total funding of US\$ 41,384.06 for the year 2006.

NUCAFE also continued to be involved in the Common Code for Coffee Community (CCCC) meetings by its Executive Director, Mr. Joseph Nkandu who presented a paper entitled "Empowering coffee farmers for a sustainable coffee economy in the Eastern African region" on the 19<sup>th</sup> October 2005 in Nairobi Kenya. This was followed with a deep discussion proposed by the CCCC management unit in Germany by making a visit to NUCAFE on the CCCC institutional assessment tool by Dr. Sietze Vellema from Wageningen University in Netherlands.

### ADVOCACY

#### National Coffee Farmers' Convention

There was 75% increase in attendance by farmers at the Second National Coffee Farmers' Convention from 1511 farmers who attended the 1<sup>st</sup> National Coffee Farmers' Convention in 2001 to 2643 farmers who attended in 2005.

#### Radio Programmes and Print Media Coverage.

There was an increase of 16% radio programmes from 52 programmes aired on radio CBS in 2004 to 58 radio programmes aired on both Radio CBS and Radio Simba in which NUCAFE participated actively. This was also enhanced by 12 news articles in the Ugandan news papers. This was followed by the quarterly news letters mainly through emailing and with only 100 hard copies produced and published.

#### Local workshops and Meetings.

There was increased active participation and 5 meetings/workshops for advocacy through the Uganda National Farmers' Federation (UNFFEE), Private Sector Foundation Uganda (PSFU) and directly with President Yoweri Kaguta Museveni, Government ministries,

Departments and semi-autonomous agencies for better policies and funding to the coffee sector especially towards the coffee Replanting programme, Coffee Wilt Disease control and implementing the reforms that were proposed in 2003 for enhancing the competitiveness of the sector through institutional and regulatory framework.



Mr. Joseph Nkandu, Executive Director NUCAFE; Explains to the team from Belgium, led by The President of the Belgium Farmers Union Mr. Noel Devicsch (Left), a Dutch Foreign Affairs Representative (centre front) and Mr. Patrick Eeckloo, Programme Officer IVA (Centre back) during the Kabonera C. F. A visit and Field Trip (File Photo : 2004)

#### International Conferences

The Executive Director, Mr. Joseph Nkandu continued to represent NUCAFE and the coffee sector as whole in CCCC meetings in Germany and Kenya where he presented the NUCAFE Farmer Group- Association Model.

**....Nkandu continued to urge donors to harmonize coffee projects through NUCAFE .....**

NUCAFE was one African coffee farmers' organization that was invited by the International Coffee Organisation (ICO) to present a paper on its success stories towards coffee farmers' empowerment at the Second World Coffee Conference in Brazil from 23<sup>rd</sup> - 25<sup>th</sup> September 2005 and NUCAFE was represented by the Chairman, Mr. Jack Bigirwa.

With representation by Mr. Jack Bigirwa, NUCAFE participated in IFAP organized international meetings in Belgium where CropLife organized a conference on chemicals.

Also the Senior Business Manager, Mr. Herment Mrema was selected by Leuven University and contracted by the International Labour Organisation (ILO) in collaboration with the International Cooperative Alliance to carry out research entitled, "Essential Research for Cooperative Facility for Africa."

NUCAFE represented by its Executive Director, Mr. Joseph Nkandu continued to urge donors to harmonize coffee projects through NUCAFE in order to avoid duplication and confusion among farmers.

### MONITORING AND EVALUATION

There were 4 internal quarterly Monitoring and Evaluation field visits with Board representation and secretariat to ensure that the Board keeps track of the project progress.

There was increased participation in attending Board meetings and 4 meetings were held in 2005.

In November and December 2005, there was a summative evaluation of the project commissioned by Mr. Patrick Eeckloo, Programme Officer IVA which included the profiling of

NUCAFE and a SWOT analysis. This also included a future plans for 2006.

In November 2005, the Dutch Ministry for Development Cooperation commissioned the Centre for International Development Issues Nijmegen (CIDIN), which is part of the University of Nijmegen in Netherlands to carry out an evaluation study on whether the funding being extended to NUCAFE is contributing to the overall organizational Development.

### NETWORKING AND COLLABORATION

#### European College of Business Economics

With connection made by leder Voor Allen (IVA), NUCAFE secured free consultancy services from the European College of Business Economics to carry out a feasibility study of the wet processing mill at a coffee farmers association.

#### Coffee Research Institute (CORI)

NUCAFE developed **Turn to page 2:**

**THE TURNING POINT CONT'D:**

From page 2: working relationship with CORI to bridge the gap between research, farmers and the market with emphasis on control and management of the Coffee Wilt Disease (CWD) and variety of coffee recommended to farmers. CORI is envisaged to provide both technological packages and funding towards CWD management.

**National Agricultural Advisory Services (NAADS)**

NUCAFE developed working relationship with National Agricultural Advisory Services (NAADS) as a coffee and cocoa enterprises service provider in 10 coffee and cocoa growing districts. There are future prospects for NAADS to provide monetary support towards training of the formed groups.

**District Councils**

Good collaboration was registered with 4 especially after a presentation of the project objectives and description to the full councils of Rukungiri, Masaka, Bushenyi, Mbale, Sironko and Rakai seeking their support and ownership to ensure that the program did not conflict with District development strategies.

The Vice President of the National Farmers' Union of Belgium as well as President of IVA, Mr. Walter Vandepitte visited Uganda and had constructive discussions with the NUCAFE team focussing on its future aspects and collaboration with the National Farmers' Union of Belgium, IVA and connection to small roasters in Europe.

All these achievements we have registered could not have been possible without the support and funding of 75% grant Contribution from International Federation of Agricultural Producers (IFAP) through AGRICORD.

In a special way I wish to thank Laeder Van Allen (IVA) for the technical support they have continued to extend to NUCAFE.

**COMING TO YOU SOON IN OUR NEXT ISSUE:**

*Coffee Wilt Disease Training carried out in Kabanyolo C.A.E.C, funded by Coffee Research Institute....*

*Progress of Utz Kapeh certification with Kibinge Coffee Farmers.....*

*A whole new package in stock for coffee farmers from NUCAFE.....*

*Tax regime of the East African Customs Union....*

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

**COFFEE FARMERS ARE EMPOWERED AT THE COFFEE CONFERENCE**

This Quarter we bring you half of the summary of what transpired during the deliberations discussed during the 2<sup>nd</sup> World coffee conference in Salvador Brazil on the 29<sup>th</sup> September 2005

**ECONOMIC ENVIRONMENT**

**The coffee market cannot be considered in isolation from the economy as a whole and especially from the commodity markets, in which there is today no possibility of intervention.**

**In order to assure an equilibrium between production and consumption, we must find market-based instruments that:**

- \* Guarantee a fair and balanced remuneration for all the supply chain,
- \* With emphasis on the weakest links, coffee producers,
- \* Without prejudice to other elements of the supply chain.

**In today's market, there is no climate for quotas or agreements to restrict production.**

**We must work in the opposite direction, eliminating tariff barriers and providing free access to markets for:**

- \* Coffee
- \* Other products that help farmers to diversify production.

**In addition, producing countries must work to build market-based mechanisms that generate orderly crop flows in order to assure a stable supply, in the interests of all elements in the supply chain.**

**CONSUMPTION / DEMAND**

**We must increase coffee consumption in order to help transfer income to producers.**

The Conference recommends actions to in-

crease consumption on several levels.

**Traditional markets**

- \* New products / innovations (espresso, pods, coffee-based beverages);
- \* Institutional programs, such as "Coffee & Health";
- \* Benefit from the boom in coffee shops.

**Emerging markets**

- \* Importance of accessible prices;
- \* Soluble as the first step in coffee-drinking.

**...increase coffee consumption in order to help transfer income to producers.....**

**...Facilitation of the access of smallholders to certification.....**

**Producing countries**

- \* Development of a coffee culture;
- \* Improvements in quality.

**The role of institutional campaigns to promote coffee received the attention of many speakers:**

- \* Coffee & Health;
- \* Informational campaigns;
- \* Joint efforts by consumers and producers;
- \* Assistance of donors, such as the Common Fund for Commodities, for market development, with or without private sector contributions depending on the case.

**The role of the ICO as a stimulator and catalyst of programs in three markets:**

- \* Emerging;
- \* Traditional;
- \* Producers

**The Conference speakers, in general, demonstrated optimism about raising the rate of consumption growth in comparison with the recent past.**

This increased rate of growth is the result not only of current trends but also of programs such as those proposed above.

**PRODUCTION / SUPPLY**

**In order to meet the forecasts of additional consumption,**

- \* Without triggering new cycles of production expansion;
- \* Which would perpetuate the crises;
- \* We must find market-based instruments to organize production;
- \* In the search for remunerative price levels
- \* That do not stimulate

**Turn to page: 3**

Current coffee prices:

Robusta Kiboko

800 - 900 UgX

Robusta F.A.Q

1800 - 1900 UgX

Arabica:

2300 - 2400 UgX

**NUCAFE PARTICIPATION AT THE PSFU 10TH ANNIVERSARY IN A MINI-EXHIBITION DOUBLED WITH THE OPENING OF THE PSFU NEW BUILDING IN PICTURES**



Mr. Joseph Nkandu the Executive Director of NU-CAFE, at the NUCAFE STALL.



Mr. Bukonya Vincent, Director Bukonya Coffee Estates illustrates to a Visitor at the stall

This is parchment. A visitor at the stall is explained to how parchment is got by wet processing



An Employee of PSFU, admires the coffees displayed by 1000 cups coffee shop, partners with NUCAFE.



Mr. Musenze Robert, Business Manager - NUCAFE, Mr Muligi Ntambi Chairperson Buwama C.F.A



Mr. Musenze Robert , Explains Elite and Clonal seedlings to a visitor

This is how they fruit, Mr. Muligi Ntambi Explains to a lady from 1000 cups café



1000 Cups STALL at the opening of the two day mini exhibition show, at PSFU

The farm manager of Bukonya Coffee estates shows a visitor how a wet processing mill works.



**NUCAFE PARTICIPATION AT THE PSFU 10TH ANNIVERSARY IN PICTURES CONTINUED WITH ILLUSTRATION OF OTHER EXHIBITORS PRESENT**



Mr. Maganda Sam. Finance and administration officer offering a helping hand at the exhibition



Uganda National Farmers Federation (UNFFE). NUCAFE partners and also PSFU members

Ms. Hope Ejang from Capital Markets Authority. What better place to invest your Monies.



The chairperson of Uganda Flower Growers Association, showing the beauty of colour



And how does come about. Intrigued by parchment she asks an employee from Bukeny estates.

How would the world be without light. Solar equipment displayed



Ms. Bridget of Uganda Investment Authority (UIA) explains to a visitor, the investment environment.

Uganda Art and Crafts Association Representative displayed the colorful hand made attire.

What could summarize the two day colorful exhibition better than a beautiful Smile magnified by a bouquet of lovely flowers



## FAIR TRADE THE VISION OF SMALL SCALE FARMERS

**"Before you've finished your breakfast this morning, you'll have relied on half the world"**  
- Martin Luther King

An interesting thought. And a depressing one, when you realise that those people you've relied on for your coffee and muesli are almost certainly being exploited and oppressed by the unfair power balance in world trade.

**But what can you do? Surely it's beyond your control? Wrong. You can buy Fair Trade products. And you can add your voice to the Big Noise.**

Fair Trade is a growing, international movement which ensures that producers in poor countries get a fair deal. This means a fair price for their goods (one that covers the cost of production and guarantees a living income), long-term contracts which provide real security; and for many, support to gain

the knowledge and skills that they need to develop their businesses and increase sales.

**.....Fair Trade alone can't address the crisis faced by the millions of small-scale farmers and producers whose livelihoods are threatened by low commodity prices.....**

### Fair Trade and the Make Trade Fair campaign

The Fair Trade movement has been one of the most powerful responses to the problems facing commodity producers. It gives consumers an opportunity to use their purchasing power to tilt the balance, however slightly, in favour of the poor. But Fair

Trade alone can't address the crisis faced by the millions of small-scale farmers and producers whose livelihoods are threatened by low commodity prices and unfair competition from rich countries.

**This can only be achieved by changing the unfair rules of world trade so that they work for small-scale producers as well as rich multinationals.**

In the meantime, for hundreds of thousands of people, Fair Trade means the difference between a hand-to-mouth existence, and being able to plan for the future.

In the past decade, the Fair Trade movement has really taken off, as consumer awareness of - and indignation at - the treatment of producers in poor countries has increased. More retailers than ever are stocking Fair Trade goods, the number of products on offer continues to grow as demand increases, and more poor communities are feeling the benefits.

(web file: [www.fairtrade.org.uk](http://www.fairtrade.org.uk))

## KRAFT'S END OF YEAR RESULTS

*"At Kraft Foods, we owe the world more than a quality product at a fair price. We have the responsibility - and the desire - to help make a difference on the critical issues facing society."*

Kraft has had an exceptionally good year with net profits increasing by more than 80%. Its coffee business has been critical to this success. It contributed consistently to the growth in profits throughout the year and volumes of coffee sales increased in most major Kraft markets.

A million miles away from these profits are the 25 million coffee farmers struggling to survive. Despite a slight increase in the coffee price in recent months the coffee price remains far below the cost of production. In Papua New Guinea, for example, the cost of production is estimated at 95-102.1 US cents per lb and in Central America at 92 US cents per lb - compared to a current price of 56 US cent per lb.

Kraft has satisfied shareholders with handsome returns. Its challenge now is to satisfy customers and suppliers, especially poor coffee farmers. Despite philanthropy in Peru and Vietnam, Kraft continues to fail the vast majority of coffee farmers. The company has a dismal record in meeting the structural problems in the coffee market, which keep farmers in misery.

Oxfam challenges Kraft to show its commitment to making the coffee market work for the poor as well as the rich through:

- A commitment to pay a decent price to farmers;
- Only buying coffee which meets the ICO (International Coffee Organisation) quality standards; and

Purchasing at least 2% of its coffee from Fair Trade sources.

Without a commitment to these farmers, Pres. Roosevelt's slogan that Kraft's Maxwell House is "good to the last drop" will be distorted to become "Good till the last one drops".

Kraft also reports on Pro Forma results for a better comparison with 2001. In the Pro Forma results they make certain hypothetical assumptions to enable this comparison. These assumptions include that Kraft went public on 1 January 2001 and that proceeds from the IPO was used to retire debt. In this case the net profits increased by 15.2%.

<http://www.kraft.com/profile/cares.html>

## INTRODUCING UGANDA'S BRAND



The colours of the Uganda 's national flag, black, yellow red, make up the main colours of the logo. The three colours form a stylistic and dynamic crest that represents Uganda 's crested crane, the country's national emblem. Uganda 's colours rise from a green landscape in form of an optimistic rising sun; the landscape containing the brand tagline **Uganda: Gifted by Nature** " represents the essential greenness of the country.

The word " Gifted " in the brand tagline reflects Uganda 's extraordinary natural richness and cultural diversity, as well as the talents and abilities of her people - all bestowed as a gift to the

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## SECOND WORLD COFFEE CONFERENCE OPENS WITH FOCUS ON POVERTY AND INJUSTICE FACING SMALL SCALE COFFEE PRODUCERS

Salvador, Brazil - Today at the 2nd World Coffee Conference's opening ceremony, international agency Oxfam International was pleased to hear the presidents of two of the most powerful coffee producing countries in the world - President Álvaro Uribe Vélez of Colombia and President Luiz Inácio Lula da Silva of Brazil - finally announce that:

- We can no longer depend on market dogma to solve the coffee crisis. We must find a new equilibrium between demand and supply to face the structural market failures that are pushing coffee farmers further into poverty.
- To find solutions and to keep coffee producing countries from collapsing, we must find a new approach to the coffee crisis that focuses on the social and environmental implications of the coffee market.
- Solutions to the coffee crisis must defend and include the poorest in our societies.

- Without a solution to the coffee crisis, most coffee producing countries will not be able to meet their UN Millennium Development Goals.

Coffee producing countries must work together to challenge unfair trade rules.

President Lula stated that it "is not fair that consuming countries make more off of coffee than the people who hack the ground" to plant it. He commented that free market should mean eliminating unfair

**.....Coffee producing countries must work together to challenge unfair trade rules.....**

tariffs and subsidies. Later in his speech he also said, "We need to provide dignity and respect to those who work day and night to plant and harvest coffee."

Seth Petchers, Oxfam International's Coffee Campaign Lead, stated, "After three years of Oxfam's coffee campaign to alleviate the

devastation and poverty caused by the coffee crisis, today's announcements are a historic step." Petchers continued, "Oxfam will continue to work with the small scale family coffee farmers it represents to ensure these announcements become a reality."

Oxfam International will continue its Coffee Campaign ([www.maketrade-fair.org](http://www.maketrade-fair.org)) by:

- Working with industry and policy makers such as the ICO to raise the voice of underrepresented coffee farmers.
- Supporting coffee cooperatives worldwide in their work and alliance building.
- Continuing its popular campaigning to raise public support and concern for small scale family coffee farmers and the unfair trade rules they are up against.

Earlier in the ceremony program, President Uribe declared, "I prefer the economists criticize me than to allow market dogma to destroy the lives of coffee producers."

## COFFEE FARMERS ARE EMPOWERED CONTINUED:

From page 7: overproduction.

Among the proposals, the following should be singled out:

- \* The improvement of the organization of producers (cooperatives, associations etc.) in order to shorten the supply chain and facilitate access to credit, risk management instruments, certification, quality etc.
- \* The improvement of producers' capacity to trade their crops by making strategic alliances, gaining scale and acquiring knowledge.
- \* The addition of value, especially by the industrialization of coffee in producing countries, since the prices of industrialized products are more stable than those of raw materials.
- \* The dissemination of risk management instruments.
- \* The diversification of production in order to reduce dependency on a single product.

The ICO would have several roles to play in the organization of producers, including:

- \* Finding funding for programs;

- \* Coordinating programs that involve several countries;
- \* Integrating policies across producing nations;
- \* Facilitating sustainability initiatives in order to assure that standards, rights and obligations are balanced and negotiated among all elements of the supply chain.

### SUSTAINABILITY

#### Sustainable growth of the coffee supply chain

- \* With a balanced development of supply and demand
- \* With a more harmonious distribution of income throughout the supply chain in order to assure profitability at all levels.
- \* With attention to the three main components of sustainability: economic, social and environmental.

#### Economic sustainability is the result of many actions

- \* Research
- \* Technology

- \* Inputs
- \* Commercialization
- \* Industrialization
- \* Distribution

*At the base of which is the work of producers.*

**Sustainability initiatives are developing and becoming more sophisticated. However, the Conference speakers mentioned the need for adjustments.**

- \* Greater emphasis on economic sustainability, which is at the base of other components (social and environmental).
- \* Facilitation of the access of smallholders to certification.
- \* Division of the costs of certification so that producers receive adequate remuneration.

**There is clear evidence of the interest of international donors in providing support for the efforts of the coffee sector in several areas**

(source: [2<sup>ND</sup> WORLD COFFEE CONFERENCE WEBSITE HELD ON THE 29<sup>TH</sup> SEPTEMBER 2005](#))

**We are on the web:**  
[www.ugandacoffee.org/nucafe](http://www.ugandacoffee.org/nucafe)  
[www.avban.org/associations/nucafe2](http://www.avban.org/associations/nucafe2)

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**NUCAFE**

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

## **BRANDING UGANDA CONTINUED:**

**From page 6:** world. " Nature " is seen as the giver of Uganda 's uniqueness- created independent of human violation, yet dependent on human protection to preserve its uniqueness for future generations.

*Uganda: Gifted by Nature* and the dynamic, colorful logo that accompanies it (see logo). They were officially unveiled on October 22 at a brand launch event attended by Uganda President Yoweri Museveni, business executives, diplomats and representatives of the international news network, CNN.

Although everyone is accustomed to product brands, and internationally famous logos like the Nike swoosh, the concept of branding nations and other places is a relatively new idea. Establishment of a national brand can go a long way toward redefining relationships with investors, tourists and even a nation's own people, but only if the brand is used strategically to boost competitiveness and improve positioning in global markets.

Uganda's brand is designed to convey the country's core values and unique assets - natural beauty, environmental and cultural diversity, warmth, optimism and creativity.

It sets a vision for Uganda's future and provides a means of marketing the country's gifts to the world

Branding offers a means for a developing country like Uganda to assure that its reputation keeps up with its actual progress.

Development of Uganda's brand took six months and the efforts of people from all parts of society. In July, a team of private and public sector volunteers set out on a fact-finding trip across the country.

The group consulted young people, senior citizens, company executives, non-governmental organization workers, activists, teachers, public officials and others to gather insights about Ugandans as a people and how they want to be seen by the rest of the world.

Particular attention was paid to the perceptions of youths aged 16 to 25, who are the future owners of the Uganda brand. Interviews also were held with leaders in the public and private sector, and foreigners living in Uganda.

**Adopted from: 1). Compete Uganda Oct-Dec 2005, Newsletter.**

**2). [WWW.GIFTEDBYNATURE.ORG](http://WWW.GIFTEDBYNATURE.ORG)**

## **NESTLE MAKES EXORBITANT PROFITS**

*"A few years down the road, we are going to be asked not only if we have maximised short-term shareholder value, but also some other, more difficult questions. Amongst them will certainly be: What have you done to help fight hunger in developing countries?"*

*Peter Brabeck, CEO Nestlé, 30.11.99, 'The Search for Trust'.*

Nestlé has had an exceptionally good year with net profits increasing by more than 13%. Its coffee business has been critical to this success and Nescafé alone contributed about 10% of total turnover\*. The importance of coffee is underlined by Nestlé massive promotion of Nescafé as their number one world brand.

A million miles away from these profits are the 25 million coffee farmers struggling to survive at the bottom of the coffee supply

chain. Despite a slight increase in the coffee price in recent months the coffee price remains far below the cost of production, causing misery for farmers across the globe - from Ethiopia to Vietnam and El Salvador.

Nestlé has satisfied shareholders with handsome returns. Its challenge now is to satisfy customers and suppliers, especially poor coffee farmers.

Nestlé has stood out from the other coffee giants by calling for an international agreement to stabilise coffee prices. However, faced with this development and humanitarian crisis, it has done virtually nothing to address the suffering directly.

Oxfam challenges Nestlé to show its commitment to making the coffee market work for the poor as well as the rich through:

- A commitment to pay a decent price to farmers;
- Only buying coffee which meets the ICO (International Coffee Organisation) quality standards; and

Purchasing at least 2% of its coffee from Fair Trade sources.

Without a commitment to these farmers, we will continue to ask Mr Brabeck-Letmathe *"What have you done to help fight hunger in developing countries?"*

*\* Based on a presentation made by W.H. Reichenberger (Executive Vice President: Finance, Control, Legal, Tax, Purchasing, Export) at the Deutsche Bank Swiss Equities Conference in April 2002*

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