

COFFEE WAR WILL BE WON IN LONDON, NOT LWENGO

SHILLINGS & CENTS



By Paul Busharizi

For three decades, Uganda's coffee story has been told as a triumph of liberalisation. The state retreated from direct marketing. Private exporters flourished. Volumes climbed to roughly seven million 60kg bags annually. The sector became more efficient and competitive.

That reform worked. But liberalisation solved the efficiency problem; it did not solve the value problem. In a global coffee economy worth hundreds of billions of dollars annually, the real constraint has never been how much we grow; it is where we sit in the value chain.

ANALYSIS OF SCALE

Starbucks operates more than 35,000 stores globally and is estimated to consume in the range of 15-20 million 60kg bags annually. One global retail chain can theoretically absorb Uganda's entire annual output almost three times over... Pause there.

Once Ugandan coffee leaves Mombasa, it enters a sophisticated ecosystem. Prices are referenced to futures markets in New York and London; contracts are structured in Geneva trading houses, and branding decisions are made in Seattle and Milan. By the time a cappuccino is sold for four dollars, value has been multiplied several times, yet the Ugandan farmer remains exposed to the most volatile and least remunerative segment of the chain.

We have invested in agronomists and soil scientists. We have improved yields and quality. But we have not

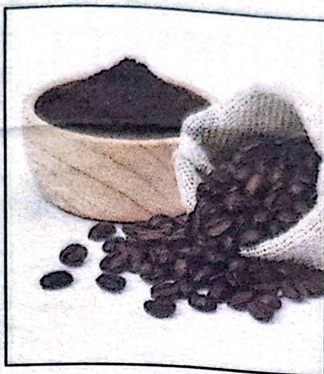
invested with equal seriousness in market professionals fluent in futures contracts, risk management and global procurement strategy. We have been farming with 20-20 vision and marketing with one eye closed.

LESSONS FROM THE PAST

Coffee autonomy is not entirely new terrain for Uganda. The story of the Bugisu Co-operative Union offers both inspiration and caution. At its peak, Bugisu Cooperative Union (BCU) demonstrated that organised farmers could move beyond simply selling parchment coffee. Through aggregation, branding, particularly under the "Bugisu Arabica" identity and structured marketing, BCU showed that producers could exercise influence and capture a measure of value beyond the garden gate.

Its relative success lay in organisation and brand recognition. Farmers were not isolated sellers; they were part of an institution that could negotiate, aggregate volume and maintain quality standards linked to a geographic identity. Yet BCU's struggles, governance challenges, political interference, debt overhang and operational inefficiencies reveal the fragility of co-operative-led market ambition without professional management and financial discipline. The lesson is not that market participation is impossible. It is that ambition without governance is unsustainable.

That is precisely why the next phase must be more sophisticated. The instinctive response today is to push for "roast at origin." It is not a pipe dream. It can be done. But breaking into supermarket shelves in Europe or North America from scratch is costly and slow. Those markets are mature, defended by incumbents with decades of brand equity and distribution networks.



◀ The issue is not demand for coffee, but access and ownership of the channels that convert beans into branded beverages.

A BETTER STRATEGY

There may be a more efficient route. Rather than attempting to rebuild the entire value chain independently, Uganda could pursue strategic equity participation in downstream firms — roasters, traders or retail chains. Ownership provides market entry without absorbing the full learning curve.

Why reinvent the wheel? Why not buy interest in some of the major players instead and leverage existing brand and distribution channels in the short term and building our own recognisable brands as part of a long term plan to capture more value

GLOBAL EXAMPLES

Pachamama Coffee integrates co-operatives into ownership of roasting and retail operations. Pachamama Coffee is a 100% farmer-owned cooperative offering a range of organic, single-origin coffees and blends sourced directly from smallholder farmers in five countries.

Colombia's farmers, through Procafecol, own the Juan Valdez chain. Juan Valdez is a multi-national coffeehouse chain and premium coffee brand owned by the National Federation of Coffee Growers of Colombia (FNC). While originally a fictional advertising icon created in 1958, the brand now represents over 540,000 Colombian coffee-growing families and operates more than 400 stores worldwide. Both cases involved farmers coming together to improve productivity, bulking for improved bargaining power and owning retail stores in export markets. Producers shifting from being price takers to shareholders.

for ourselves?

Equity is leverage. Dividends can supplement volatile farm-gate prices. Ownership aligns sourcing incentives. Market intelligence flows back to origin. Meaningful stakes can influence procurement frameworks in ways that purely transactional relationships cannot.

HOW GOVT CAN SUPPORT

In a liberalised coffee economy like Uganda's, Government's role in this transition should be catalytic, not commercial. There is no need to resurrect monopoly boards. Instead, Government can facilitate the creation of a professionally governed Coffee Investment Fund designed to deploy capital strategically into global value chains -- something NSSF is already working on. Anchor capital could crowd in institutional investors, provided governance standards are robust and insulated from political interference — a lesson reinforced by BCU's past.

Government can also invest in market intelligence infrastructure. Just as we fund agricultural research, we should cultivate expertise in

commodities trading, hedging and global retail negotiation. Financial literacy for exporters and cooperatives is as important as agronomic literacy for farmers.

Stronger co-operative governance frameworks would make producer institutions investable and capable of pooling capital for strategic stakes. Policy stability, above all, must be maintained; equity strategies require long horizons, and regulatory unpredictability undermines investor confidence.

Uganda has proven it can grow coffee at large scale. The next test is whether it can grow influence at scale, without repeating the governance missteps of the past. If one global retail chain can absorb our production multiple times over, then the decisive battleground is not acreage. It is access, expertise and ownership. From the BCU example, coffee producers can organise and move up the chain. The soil will always matter, but in a half-trillion-dollar industry, markets and the institutions that navigate them, matter more.

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