

EMPOWERING COOPERATIVE PARTNERS FOR AN INCLUSIVE FUTURE DRIVEN BY DATA

LESSONS FROM THE FIELD: A BOTTOM-UP REVOLUTION IN THE UGANDAN COFFEE SECTOR

FAIRFOOD + **Solidaridad**



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A DATA-DRIVEN FUTURE



Novel regulations are giving the EU coffee market a new face. As the Corporate Sustainability Due Diligence Directive (CSDDD) is still taking shape, imported coffee must already adhere to [EU regulations on deforestation](#) as early as 2025, plus meet national and international standards, including those set by the International Labour Organisation. In a rapidly changing regulatory

landscape, what we know is that it all starts with knowing where your coffee came from. Piloting an inclusive traceability approach with the additional - but equally important - goal of better distributing value throughout the coffee chain, Fairfood and Solidaridad present a feasible solution for coffee actors wishing to stay ahead of the regulations and go beyond compliance.



FAIRFOOD + **Solidaridad**



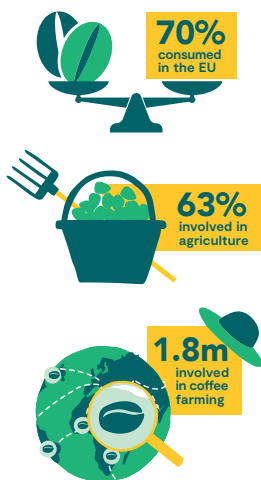
‘Front-runner cooperatives in different industries acknowledge how digitisation has made their work easier. When a buyer requires data, they do not need to go over books and receipts. Traceability scales this benefit to the entire sector: if a standard requires a lot of information, regulators can look for investment opportunities and advancements in the sector based on actual figures.’



Boniface Mulandi, Solidaridad

FIRST, UGANDA'S COFFEE SECTOR IN FIGURES

- **70%** of Uganda's exported coffee - the country's primary commodity - is consumed in the EU
- **63%** of the country's population is involved in agriculture, but **low productivity** hinders the sector's growth, mostly due to limited inputs and **rising temperatures**
- Over **1.8 million** Ugandan households are involved in coffee farming, therefore coffee plays a crucial role in financing infrastructure development, including roads, hospitals, and schools, through generation of export earnings
- **99%** of coffee farmers in Uganda are small landowners
- Lack of access to land and funds is pushing younger generations away from coffee farming



HOW COOPERATIVES ARE BUILDING A SUSTAINABLE BUSINESS MODEL FOR FARMERS: 3 INGREDIENTS

To ensure compliance with new legislation, traditional coffee traders and intermediaries must adopt traceable sourcing practices, which creates a demand for data-driven supply chain operations. Whether you are mapping polygons for deforestation insights, or tracing payments to learn about value distribution, cooperatives play a pivotal role in bringing smallholders on board, while representing their interests. Moreover, serving as intermediaries between farmers and buyers, cooperatives have an opportunity to gain a competitive advantage by ensuring traceability and certifications driven by data outputs.

Our Ugandan partners Ankole Coffee Producers Cooperative Union (ACPCU) and the social enterprise Ndugu are well aware of the challenges and opportunities ahead. In partnership with Solidaridad and Fairfood, they are turning the growing demand for data into market value and operational efficiency. Think of managing risks, productivity and the development of products that meet the demands of a changing market. Moreover, the partnership is exploring Fairfood's



traceability tool Trace as an enabler for transparency on how value is distributed in the value chain. Hoping to inspire companies and cooperatives, we share the lessons learnt, and below list 3 key

ingredients of our partnership that are making traceability count.



1 OWNERSHIP, CONSENT AND ETHICAL DATA USAGE: THE ETHICS OF DATA MECHANISATION

2 TAILOR-MAKING A BUSINESS MODEL: BUILDING CAPACITY AND INSTALLING PREMIUMS

3 INCENTIVES: CREATING A MARKET DEMAND FOR DATA PRODUCTS

1

OWNERSHIP, CONSENT AND ETHICAL DATA USAGE: THE ETHICS OF DATA MECHANISATION

Founded in 2006, ACPCU is a well established union of 26 cooperatives sourcing organic, Fairtrade and Rainforest Alliance certified Robusta coffee in Uganda. Familiar with the cooperative landscape and its multitude of certifications, ACPCU still felt the urge to digitise their processes to meet evolving data requirements.

Under the RECLAIM Sustainability!* programme, Fairfood, Solidaridad and ACPCU work to **accelerate digitisation**. Responsible for connecting different stakeholders in the field, Solidaridad's team in Uganda supports cooperatives' efforts to balance privacy, security, and compliance while ensuring farmers' ownership of data and informed consent.

Cooperative involvement and capacitation are pillars of a fair and inclusive data mechanism, which translates into **consent processes**. Alignment on **data purpose, usage, and sharing partners** can help turn cooperatives into facilitators. Here's a peek at the consent principles guiding our work in the field.

*Read more about the RECLAIM Sustainability! programme on the [next page](#)



‘The bar has been raised: having de-forestation-free coffee will not necessarily increase the price of your product. From here on out, it's about proving that you can still do business.’



John Cherek, Fairfood



- Often, data collectors are young cooperative workers. When adequately trained, they **ensure the sustainability and continuity of the project**, allowing cooperatives to own the data sharing process.
- Literacy aside, practicalities involve providing an enabling environment: electricity and computers, for example, are needed to gather and process data.
- Most farmers do not have elementary **knowledge of digital processes, and some might not be able to read or write**. Bridging these gaps will define their involvement in a project.
- Besides explaining what information is needed and how it will be used, consent processes must inform farmers on goals and returns aimed.
- Consent is voluntary, and is introduced in varying levels to accommodate data sharing preferences. This includes the different partners that may access certain data. For example, farmers can opt to participate in an initiative from Solidaridad, without joining Fairfood's traceability effort.





2

TAILOR-MAKING A BUSINESS MODEL: BUILDING CAPACITY AND INSTALLING PREMIUMS



Coffee farmers in the region struggle to reach optimum coffee yields

Like ACPCU, the social enterprise Ndugu works to lift farmers up in the traditional supply chain by making farmers' cooperatives key supply chain actors. In the meantime, as a social enterprise, their business development strategy is grounded in an information management system being developed and tested in the greater Masaka area.

Coffee farmers in the region **struggle to reach optimum coffee yields** due to climate change and a lack of access to finance, knowledge, and high-quality inputs. Ndugu's role is to address these challenges and turn farmers into reliable partners for buyers who are initiating sustainable development projects. With investments in governance, greater access to financial and productivity support, cooperatives are able to increase their produce and comply with international standards – hence, **access premiums!**



Ndugu compliance costs are covered by... data. Companies looking to tackle risks in their supply chain are paying Ndugu a traceability data premium (next to a quality and volume premium), which is shared between Ndugu, cooperatives and farmers. New requests for data are thus turned into opportunities. The cost-effective model has yet another positive side effect: *the tech aspect of the process pulls the younger generation into farming, who are taking on the role of data collectors. As the new 'middle(women)' in Masaka, they are equipped with smartphones, and responsible for scanning the cooperatives. The strategy is supported by industry leader UGACOF, a subsidiary of Sucafina and leading sustainable farm-to-roaster, Swiss-based coffee company, which pays farmers a higher price as part of their quest to make the entire supply chain traceable by 2025.*

ABOUT RECLAIM SUSTAINABILITY!

Farmers and food workers involved in global supply chains are key to tackling major challenges such as poverty and climate change, yet their voices often remain unheard. Through the 5-year RECLAIM Sustainability! programme, implemented in strategic partnership with the Dutch Ministry of Foreign Affairs, Fairfood, Solidaridad and partners work to foster truly inclusive value chains that can lead to a sustainable transition.

Led by Solidaridad, RECLAIM Sustainability! is active in 17 countries across Africa, Asia and Latin America, and in multiple commodities, including coffee, cocoa, and tea. Fairfood serves as the innovation lead, and is implementing the Trace platform to realise traceability and transparency in coffee and cocoa value chains originating in Uganda, Honduras and Sierra Leone. The programme approaches inclusiveness through different solutions aimed at the sustainable use of natural resources, decent work, sustainable consumption and fair value distribution, the focus of the project you've just read about.



“We are offering all information according to the cooperative, and we expect these efforts to be appreciated through better prices. But also, we expect that eventually the cooperative will be able to access transparent information from the roasters, from the buyers and especially the consumers. How are the prices for a bag of beans in this process, or a cup of coffee in Europe? When we get this information, it will be clear to us that the endline is also being transparent just as much as we are.”



Vincent Mushabe, farmer (and Chair of a cooperative associated with ACPCU) in Nyeibingo, Ankole region.

3

INCENTIVES: CREATING A MARKET DEMAND FOR DATA PRODUCTS

Influencing price is a challenge in coffee. The traceability efforts of this partnership therefore aim to attribute sustainably sourced coffee its actual value. For that, we mimic the specialty coffee approach, in which the quality commitment is built on data spanning from production to cupping score.

In this Ugandan-based partnership, traceability, implemented by Fairfood, is used to verify payments and sustainability promises made by brands. The social sustainability efforts from ACPCU appealed to the Dutch brand Fairtrade Original. As they commit to closing the living income gap among the cooperatives they work with, transparency on pricing allows both ACPCU and Fairtrade Original to communicate this effort in the Ugandan value chain. On top of existing premiums, for example, for quality, a pricing strategy was plugged into ACPCU's data sharing process in the form of a Living Income Reference Price paid to farmers. Traceability, thus, is used to verify payments and certifications that support Fairtrade Original's ambitions.

Ndugu was founded as a data-driven social enterprise two years ago, and it all started with building an information system. Using Fairfood's Trace platform to showcase the coffee's journey and make sustainability claims verifiable, Ndugu's data sharing efforts go beyond collectors and implementers, and way beyond known standards. The visibility reduces the gap between Ugandan farmers and European buyers and consumers, addressing ethical concerns and bolstering support for human rights, gender equality, and community development. For one, a clear overview of the number of trees planted per farm for certification purposes, evolved into carbon claims that attracted new forms of commitments and, of course, investments. Trace thus became more than a storytelling tool; it provided tangible evidence for cooperatives' decisions and business directions.



‘Farmers are rational actors who will engage when requirements bring actual returns. The value of data lies in its potential to improve production and enhance farmers' lives. As the coffee industry transitions to digitisation, focusing on the tangible benefits and outcomes for farmers ensures active engagement in solving supply chain challenges.’



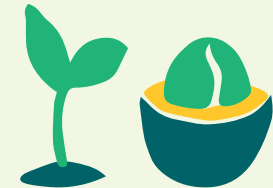
Derrick Komwangi, The Ankole Coffee Producers Cooperative Union



THE GATEKEEPERS... AND THE AMPLIFIERS!

Lastly, it should be noted that cooperatives not only hold the key to a sustainable transition, they also disseminate change themselves. In their second year of operations, Ndugu supports 23 cooperatives, and pilots its business model with 7 more; 5,300 farms are already traceable. They currently work to replicate this business development model within other cooperatives supplying UGACOF.

Founded in 2006, ACPCU's 26 cooperatives represent 18,000 coffee farmers in Uganda. Supporting these farmers means over-viewing a multitude of certifications. The goal is to make the Living Income Reference Price model, currently piloted with 2 cooperatives, reach all farmers with the help of new buyers. But more than prices, coffee farmers have a clear take on what they need to future-proof their businesses.



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