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GRADUATE SCHOOL OF DEVELOPMENT STUDIES

Non Governmental Organizations and Farmers' Responses:  
A Case Study of Plan Uganda Approaches and Strategies Followed by  
Farmers of Luwero in Response to Fluctuating Incomes from Coffee

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This Piece Of Work Is Dedicated  
To My Dearest Sister  
Grace Bakunda  
Christine (Rip)



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## **Acronyms**

|       |  |
|-------|--|
| BOU   | Bank of Uganda   |
| CIB   | Coffee Industry Board                                  |
| CMB   | Coffee marketing Board                                 |
| ESAF  | Enhanced Structural Adjustment Facility                |
| FAO   | Food and Agricultural Organization                     |
| GDP   | Gross Domestic Product                                 |
| IBERO | IBERO (U) Limited                                      |
| ICO   | International Coffee Organization                      |
| IMF   | International Monetary Fund                            |
| JEEP  | Joint Energy and Environment Projects                  |
| LMB   | Lint Marketing Board                                   |
| MAAIF | Ministry of Agriculture, Animal Industry and Fisheries |
| MFEP  | Ministry of Finance and Economic Planning              |
| MT    | Metric Tonnes  |
| NAADS | National Agricultural Research Organization            |
| NGO   | Non Governmental organization                          |
| SAF   | Structural Adjustment Facility                         |
| SAPs  | Structural Adjustment Policies/ programs               |
| UBOS  | Uganda Bureau of Statistics                            |
| UIA   | Uganda Investment Authority                            |
| UNEX  | Union Export Services                                  |
| WB    | World Bank   |
| WTO   | World Trade organization                               |



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## **Abstract**

For poor households, interventions that help increase their security of wellbeing are received with great expectations, but this depends on their access to resources like land, labour, and savings. Organizations that plan and implement projects focusing on export crops, can tie poor farmers to a dependence on fluctuating world prices over which neither the poor nor the organizations have any control. On this account, this paper seeks to assess the fit between approaches of Plan Uganda and the strategies followed by farmers in Luwero District in Uganda. It further seeks to examine if extension schemes based on introduction of new high-yielding varieties of coffee support the strategies followed by Luwero farmers in response to fluctuating prices of coffee. In addition, the study aims to assess if the schemes introduced by the project appeal to a minority of the farmers with sufficient labour and capital, or benefit poor farmers. Lastly it seeks to know if these schemes are responding to the development of new cash cropping alternatives in the District.

The study revealed that farmers were actually allocating more resources to other food crops like bananas and 'Plan Uganda' had implemented activities that promoted a number of strategies of the poor farmers. However, challenges in relation to gender analysis and inter-household differences were not exhaustively addressed. There is need for coordination between all stakeholders to promote incentives for quality products in the local markets in order to enable the producers sell their coffee at a premium price, given the fact that coffee is still a major cash crop in the economy of Uganda.



## CHAPTER ONE

### 1.0 Overview of the Study

This study attempts to analyse the approach followed by 'Plan Uganda' in Luwero District. It aims at assessing whether there is a fit between the approach of the project and the strategies followed by farmers in reacting to the fall in incomes as a result of fluctuating coffee prices. Specifically it asks if extension schemes based on introduction of new high-yielding varieties of coffee (Clonal) support the strategies followed by Luwero farmers in response to fluctuations in the prices of coffee. It aims to find out if the schemes introduced by the project appeal to a minority of the farmers with sufficient labour and capital or if they benefit poor farmers. Lastly it seeks to know if these schemes are responding to the development of new cash cropping alternatives in the District.

It is important to note that Uganda's economy is highly dependent on agriculture, with a population of about 27 million people, of which 89% is rural. The agricultural sector accounts for about 40% of the Gross Domestic Product (GDP) and over 80% of the exports.(UBOS, 2003).

Uganda's major export crops are coffee, cotton, tea and tobacco. The Coffee sub-sector plays a dominant role in the economy of Uganda and is the major foreign exchange earner in the country, contributing about 30% of the exports<sup>1</sup>. World market price fluctuations have made coffee export unpredictable with possibilities of losses and gains. Further more, the number of exporters that have dropped out are increasing every year as a result of high transaction costs and low returns.<sup>2</sup>

The producer is faced with a problem of receiving low prices coffee sold at minimum prices, because farmers/ producer have no choice at times because the prices of

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<sup>1</sup> These are figures calculated from the facts and figures book of Uganda Bureau of Statistics 2003

<sup>2</sup> The Agricultural policy Committee observed that: Looking at how thing moved, liberalizing the trade especially in the hope of rising the exports was not particularly effective on the price gained by the coffee producer and total incomes received. In addition, the devaluation of the currency even made it more difficult for these producers to purchase the farm inputs (like fertilizers, and better varieties of seedlings) as a result of increased prices on imports, removal of subsidizes and decreased incomes.

coffee are controlled globally thus making the producers are extremely vulnerable to changing world market prices of coffee.

Agricultural extension systems like any other country in Africa usually focused on export crops. These systems do not take into account the resultant dependence of the livelihoods on the fluctuating prices in the world markets. The implementation of liberalisation policies<sup>3</sup> led to the decentralisation of the extension systems in Uganda and co- operatives withdrawing from extension. Other institutions like Non Governmental Organisations (NGO's) have taken on.

Plan Uganda, is a non governmental organisation that is cognizant of the fact that a multitude of factors negatively affect growth and development of Children in its operational area of Luwero District. One of such factors is the food and nutritional insecurity in families living in poverty. In order to counteract against food/nutritional insecurity in the program area, a five-year food security project "Strengthening Food Security for Children and Families Living in Poverty Project" was initiated in January 2004 and aims at improving household food and nutrition security through crop diversification, increased incomes through improved production and quality of coffee, while raising awareness on environmental issues, new market opportunities and enhancing the agricultural knowledge and skills of children. With specific focus on improving incomes of the vulnerable in Luwero District, the project is introducing new high yielding varieties of coffee (Clonal coffees) and "best practises" among the coffee farmers of the area.

It is important to study the livelihoods of this district, identify their needs in line with accessibility to productive assets with regard to project activities, and establish the link between the project approach and the strategies the farmers of Luwero have followed in response to the fluctuations in income as a result of coffee earnings.

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<sup>3</sup> Since the early 1980's Uganda government has reduced state control and interventions in economic activities like the trend was in most developing countries. Formally, the government intervened by subsidizing agricultural inputs and also supported the agricultural output prices but with the introduction of the reforms, government withdrew the subsidizes and price support hence putting emphasis on marketing forces. World Bank and IMF advocated for liberalization which is one of the major components of Structural Adjustment Program( SAP's) since it was believed it would reduce the distortions in agricultural markets(<http://countrystudies.us/uganda/52.htm>)



Based on the fact that coffee is valuable to the economy of Uganda, and is a source of income for the farmers in Luwero District, It is important to analyse the approaches by Plan Uganda and the farmer responses to the fluctuating coffee prices. The outcome of this study is meant to guide policy makers when formulating future strategies to improve the approaches to extension in the agriculture sector in Uganda, and the coffee industry in particular.

This paper limited itself to coffee farmers in Luwero and reviewed existing literature on agricultural extension in Uganda, marketing policies of coffee and barriers to implementation of suggested strategies.

In the descriptive analysis, the study analysed the historical development of agricultural reforms especially in the coffee sub-sector, and marketing institutions in Uganda. This paper paid particular attention to coffee in Luwero district.

The study covers literature of country and district statistics on agricultural production and incomes. The last population census report together with the social economic reports of Luwero (2000, 2001) availed the information regarding the access to productive assets, gender, household differences, incomes, occupations and farm holdings of the district. The Project documents which included the phase two proposal, evaluation and monitoring reports, social economic survey reports<sup>4</sup> will enable learn more on the environment of the organisation, Relevant literature from the World Bank, Uganda Bureau of Statistics, Uganda Coffee Development Authority, Uganda Coffee Trade Federation will also be used with in the study.

The present study is limited by inadequate data on production and marketing in Luwero. Secondly, it is too soon to have clear evidence on farmer response to the phase two part of the project and there is limited data on how the different assets are combined in livelihood strategies particularly on alternative cash- cropping or off farm labour.

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<sup>4</sup> The methodology of the study was through participation by all stakeholders involved and the consultant employed participatory preparation and design approaches to the survey. All project partners (local and international) fully participated in the survey design so that all concerns and views of the community participants and implementing partners on the various issues were contained. The various methods and strategies employed to meet the objectives of the survey included, review of key documents, field visits, sample size and selection, wealth ranking, input of non state actors, key informant interviews. Focus group discussions transect walk, and gender analysis

This paper is divided into five chapters. The following chapter gives the conceptual and theoretical framework to be used in the analysis of the findings, chapter three assesses context and transforming processes giving an overview of coffee sector, Luwero District and lastly Plan Uganda. Chapter four presents the findings with in which the discussions will be included and finally chapter five gives a summary and conclusion plus recommendations of the entire study.

## **CHAPTER TWO: CONCEPTUAL AND THEORITICAL FRAMEWORK**

### **2.0 Introduction**

In order to clearly understand the fit between 'Plan Uganda' approaches and the strategies laid down by the Luwero farmers, it is important to identify a framework for understanding farmer's strategies. The following study is going to use the Sustainable livelihood Framework that has its origins based on work written on vulnerability and famines, livelihood systems approaches to gender analysis, poverty environment and interactions, rural livelihoods and is generally concerned with poverty reduction, sustainability and livelihood strategies. The reason why the various approaches mentioned above are of interest is because they regard the livelihood portfolios and asset status of households as fundamental to understanding the options open to them, the strategies adopted for survival and their vulnerability to adverse events. In order to understand the framework one must understand its key concepts as discussed below.

### **2.1 Rural Livelihoods and diversification**

Chambers and Conway (1992:9-12) define livelihoods as ways in which people satisfy their basic needs, or gain a living. It is a set of flows of income, from hired employment, self employment, remittances or from seasonality and variable combinations. For Ellis, (2000:10) "a Rural Livelihood is comprising the assets (natural, physical, human, financial, and social capital), the activities and the access to these (Mediated by institutions and social relations) that together determines the living gained by the individual or household". These livelihoods should be able to avoid poverty among the rural economics they should be able to bring about well being among the peasants. Here "well being" will be defined as Ahmed and Lipton (1997) quoted from Squire (1991:178), it is the product of range of factors including adequate consumption of goods and services, health, status, achievements and security. This leads to livelihood security that will mean "secure ownership of, or access to, resources and income generating activities including reserves and assets to off set risk, ease shocks and meet contingencies. (Chamber, 1988:1). Maxwell and Smith (1995) argue that livelihoods focus more on security rather than just food security.

A combination of activities pursued can be seen as 'livelihood portfolio'. These can be specialized with a concentration on one or a limited range of activities; others can be diverse, they may take different pathways over different time scales. Equally within the household, different combinations of strategies may be pursued.

The asset status of households mediated by social factors and exogenous trends or shocks, results in the adoption of livelihood strategies (Ellis 2000:40). These strategies generate the means of households' survival. Ellis moves on to divide these strategies into two main categories: one is the natural resource based which include gathering, food cultivation, non food cultivation, livestock keeping and pastoralism, and non farm activities like brick laying weaving etc. the other category is the non – natural resource based activities which include rural trade (marketing of farm inputs, outputs and consumer goods) others are vehicle repairs etc. According to Bebbington (1999), as people combine the assets in pursuit of their objectives, it is supposed that people tend to pursue those livelihood strategies that are the most consistent with the portfolio of assets that they control; that reflect their long term aspirations as well as immediate needs; and seem to be the most viable given the opportunities and constraints made available and economic circumstances within which they operate.

The flexibility of livelihoods determines the type of strategies that rural households adopt and how they respond to changes. Chambers (1989) moves on to add that most livelihoods reflect strategies that are usually complex, diverse and versatile so as livelihoods derive their sources from many activities, interventions are expected to affect them in many ways. It is important to examine the outcomes and institutional mechanisms by which interventions are translated into production and investment decisions made by rural households (Ahmed and Lipton: 1997:7). These interventions can be influenced by organizations that facilitate extension programs in the hope of influencing the livelihood outcomes.

## **2.2 Sustainability**

Livelihoods and ecosystems are considered sustainable if they persist over time yielding a non declining output, despite shocks and adverse conditions (Maxwell and Smith, 1995). Ahmed and Lipton (1997) note that sustainable systems need to have the capability to increase productivity- at a 'satisfactory' rate given the likely growth

of population in a stable manner. Sustainability refers to the maintenance or enhancement of resource productivity on a long term basis. For Scoones (1998), 'a livelihood is sustainable when it can cope with and recover from stresses and shocks, maintenance and enhancement of its capabilities and assets while not undermining its natural base. And Scoones adds that when assessing livelihood sustainability, it is important to appreciate cross cutting issues that could include the vulnerability context of the livelihoods.

Scoones(1998) notes that frameworks of the kind drawn in figure 1 below recognize that the translation of a set of assets into a livelihood strategy composed of a portfolio of income generating activities is mediated by a great number of contextual social, economic and policy considerations. This according to D. Carney (1998) can be put into two broad categories denominated by the 'vulnerability context' and transforming processes' these vulnerability contexts are not different from the contexts stated by Scoones (1998). The transforming processes can include policies, institutions, and laws.

According to the definition obtained in the DFID guidance sheets, the Vulnerability Context frames the external environment in which people exist. People's livelihoods are strongly influenced by the trends, shocks and seasonality over which they may have no control. Here trends may include population trends economic trends. The shocks may include natural shocks, conflict etc. The seasonality can be that of prices, production employment opportunities.

This paper is going to focus more on the seasonality of coffee prices because they have been fluctuating over a period of time. Secondly coffee having been one of the biggest income earners for the livelihoods of Luwero District the Fluctuating prices cause risk of the poor in the area being more Vulnerable. One way of improving the vulnerability context is to see that organizations like Plan Uganda are responsive to the needs of the poor.

To successfully study the vulnerability context of Luwero in regards to fluctuating coffee prices, the study will try to find out;

- which people actually produce coffee in Luwero and how important coffee is to them;
- How the income earned from coffee is controlled in the household;
- What are the prices for different crops and how do they vary;
- If the farmers have access to productive capital to successfully cope with the price fluctuations.

This kind of thinking leads us to another very important aspect of the frame work above, the livelihood assets.

### **2.3 Extension (Interventions)**

Davidson and Ahmad (2003:35) argue that the aim of agricultural extension organizations is to increase production and quality of life of the rural farmers and their families through agricultural improvement. This involves discarding less productive methods of production and adopting more appropriate ones. For example the use of inputs such as higher- yielding varieties of seed, low salt fertilizers, adequate production credit, and marketing facilities can contribute to increasing agricultural productivity. However, they note that, neither is it possible anymore to ignore the relevancy or appropriateness of indigenous knowledge nor dismiss the generation of new practices by the farmers themselves. With that it is very important to analysis the context of these farmers.

This study is going to focus on the relationships and differences between and within households.

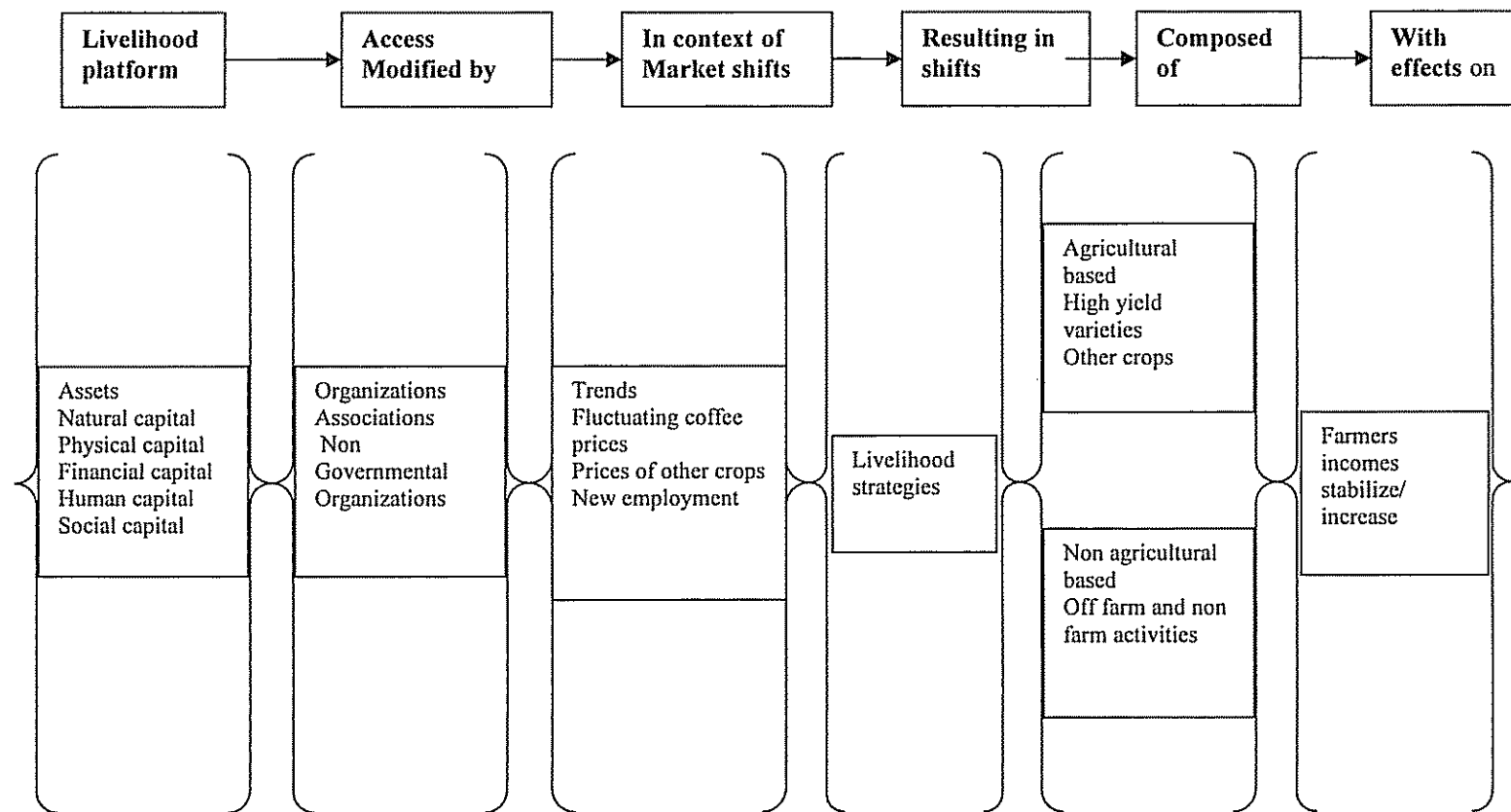
### **2.4 Linking Sustainable Livelihood Framework to Extension**

Ellis (2000: 28) notes that a framework of this kind is useful as a guide to micro policies concerned with poverty reduction in rural areas. It may serve as a useful purpose for tracing local level impacts of micro policies. These policies could arise from governments and non governmental organizations and may include advisory or delivery services like agricultural extension.

The section that follows is going to set out the framework in detail in relation to the study considering assets, mediating processes, trends, shocks and activities as

components and processes that jointly contribute to the livelihoods and strategies of Luwero District

Based on the figure 1 below, the individual components of the framework will be briefly discussed in the section that follows:



**Figure 1: A livelihood Framework**

Source: Ellis (2000: 30) and Scoones (1998:4)



### 2.4.2 Livelihood Assets

With reference to the definition of livelihoods by Ellis (2000:10), assets owned controlled, claimed and in some cases accessed by a household are important in determining the nature of production and labour markets these house holds would undertake. Rural farmers require a range of assets to achieve positive livelihood outcomes. No single category of the assets can yield positive livelihood outcomes on its own particularly for the poor as there accessibility to these poor people tend to be limited. They usually endeavour to combine the assets they have in ways that ensure survival. This paper looks at five categories of capital: Financial, Natural, Human, Physical, and Social Capitals and are represented in the framework above.

*Financial capital* refers to stocks of money a household can access (Ellis 2000:34). It denotes the financial resources that people use to achieve their livelihood objectives. These usually include stocks and flows that can contribute to consumption and production as well. Among the available stocks are the savings that are the most preferred capital as they have neither liabilities nor reliance on others. These can be in form of cash, bank deposits and liquid assets like livestock Financial Capital is necessary as an asset because it can be converted easily to varying degrees depending upon policy instructions and processes into other capital forms. This is however one of the least available kind of assets available to the poor. Organizations have usually tried to build the financial capital of the poor through increasing the productivity of existing savings and flows through developing effective, tailored financial services for the poor.

They may do this indirectly by introducing income generating activities like high yielding varieties of crops.

The introduction of Clonal Coffee in Luwero District involves replanting with Clonal coffee and may require financial capital for input acquisitions which the poor in Luwero may not have. It is therefore important to find out the accessibility to financial capital of these poor households in Luwero. This can be done by assessing in what ways the people are saving, it could be in livestock, jewelry, bank deposits etc. it is also necessary to assess the risks involved in the different options of savings mentioned above.

It is often said that the chief asset possessed by the poor is their own labour (Ellis 2000:33) and Carney (1998) refers to *human capital* as the labour available to the household. It is education skills, health, and physical labour. Labour availability within a house hold can easily be affected by poor health and high dependency ratios. The literacy level, which is the ability to read with understanding and write meaningfully in any language, is important in responses to extension projects. For purposes of this study, one will be expected to have acquired literacy after completing three grades of formal primary education. The lack of basic education may limit the capacity of the poor to understand the basic knowledge and skills required to be applied to their income generating activities.

So the poor in Luwero will need human capital- health, labour, knowledge and skills to achieve positive outcomes with regard to Clonal Coffee introduced by Plan Uganda.

According to Ellis (2000:36) *Social Capital* is capital (assets) that one has as a consequence of one's relationship with others and one's membership in organizations. Such relationships in turn facilitate access to other resources. It is reciprocity within the communities and between households based on trust deriving from social ties. They are processes that create insiders and outsiders and bring about divisions and sometimes social exclusions of particular individuals and groups within some rural communities.

In a community like Luwero district, it is important to identify the environment and the other acting stakeholders that may affect the social structures and activities of the people that affect agricultural change.

*Physical capital* comprises the basic infrastructure and producer goods needed to support livelihoods. Infrastructure consists of changes to the physical environment that help people to meet their basic needs and to be more productive. Producer goods are the tools and equipments that people use to function productively.

The different components of infrastructure that are essential to livelihoods include affordable transport, secure shelter and building, adequate water supply and

sanitation, clean affordable energy and access to information (communication) and markets.

The study will concentrate on assessing the different components mentioned above that are necessary for the poor to successfully integrate in the clonal coffee growing.

*Natural Capital* is the natural resources to which one has access. These include: land, water, and biological resources that enable people to survive (Bebbington 1999, Ellis 2000). Within the context of natural capital a distinction is made between renewable and non renewable natural resources. In the renewable are the resources like water, trees for firewood and soils. The non renewable would be the metals and minerals found in certain areas these too can determine the livelihood activities of a particular rural community.

With particular focus on the study that involves poor farmers replacing coffee with Clonal Varieties introduced by Plan Uganda, there is need for these poor farmers to have access to natural resources like productive land and water which could easily be available for the middle and the rich class but not to the poor. In addition, the mode of ownership can affect the accessibility by the poor peasants. Knowing who are most likely to own this land in terms of gender is also important as females in many communities are marginalized by virtue of the cultures and social status they live in.

## **2.5 NGOs in Transforming Structures and Processes**

Transforming structures and processes within the livelihoods framework are defined as the institutions, organizations, policies and legislation that shape livelihoods. They effectively determine access to types of capital (to various types of capital, to livelihoods strategies and to decision-making bodies and sources of influence). They determine the terms of exchange between different types of capital and returns to any given livelihood strategy (DFID, 1999, 2.4).

This study is focusing on Plan Uganda as an organization and the phase two program in Luwero district. It is aimed at assessing the mode of assistance the poor are getting from the program in terms of accessibility to the various types to capital in order to attain positive outcomes which in this case will be improved income generation.

Here, the focus is on interventions that transform market institutions. Local culture can prevent women from accessing markets. Markets often fail to reach the poorer areas, thereby further marginalizing them. In this case organizations like Plan Uganda may find ways to reduce the costs of market development. And for the case of the Clonal coffee variety the poor farmers of Luwero need assurance of the availability of markets for the coffee they will produce.

## **2.6 Livelihood Strategies**

In relation to rural livelihoods, it is in combining of assets that people make livelihood strategies that best suite their asset availability. For instance if a family has land and market conditions are favourable, there will be a greater possibility that the family will pursue agriculture and for those families with less land may decide to pursue off-farm employment.

The more choice and flexibility that people have in their livelihood strategies, the greater their ability to withstand the stresses of the vulnerability. For this study it is the fluctuating prices of coffee hence reduced incomes. These strategies are intimately connected with people's objectives i.e the outcomes they seek. In this study the outcome of the poor farmers will be increased and stable incomes.

In the interest of this paper the study will assess the agricultural based activities in the context of the introduction of Clonal coffee, and the introduction of other crops into the area. The other category will be that of non agricultural based activities which will include off farm (all activities outside the household's assets for example working as a wage labourer on another farm) and non farm activities (activities like rural trade, rural manufacture, and other employment in the urban centre).

## **2.7 Livelihood Outcomes**

Livelihood Outcomes are the achievements of asset portfolios and Livelihood strategies. They are important in helping understand what motivates people to behave the way they do, how these people are likely to respond to new opportunities.

The following study is going to focus on increased incomes as an outcome desired for the poor by Plan Uganda because increased income would in turn be related to the

idea of the economic sustainability of livelihoods as it could easily be invested back into productive assets.

This study will not go into assessing levels of incomes attained so far based on Plan Uganda's Phase two programs as it is too early to draw conclusions from the data available.

The above discussion of variables enables us ask what type of farming families are selected by the Plan Uganda, who the poor of the district are, what resources they have at hand, and what the Project has done to help them. This information allows us to find out whether the project approach is fitting the strategies the farmer have employed to respond to their fluctuating incomes.

In conclusion of all the above, it is necessary to assess the financial, human, social, physical, and natural capitals of Luwero that could be limited to the poor households. The findings are necessary to determine the fit between Plan Uganda approaches and farmer Strategies.

It is upon the need for assessing the different asset categories above that this paper finds it necessary to study the coffee sub sector in Uganda. In addition, an overview of Luwero District and Plan Uganda is assessed in the chapter that follows.



## **CHAPTER THREE: CONTEXT AND TRANSFORMING PROCESSES, AN OVERVIEW OF THE COFFEE SUBSECTOR, LUWERO DISTRICT AND PLAN UGANDA.**

### **3.1 Introduction**

Understanding the historical and institutional context is a central part of the livelihood approach. In order to undertake the study to find the fit between Plan Uganda's approach and the farming strategies of Luwero, it's important to understand the background of the coffee sub sector, Luwero District and what Plan Uganda does.

### **3.2 Coffee Sub sector**

#### **3.2.1 Coffee and Economic reforms**

Uganda is one of the world's major producers of Robusta coffee with some Arabica growing in a few highland areas. The agricultural sector is dominated by small scale farmers who operate on less than 2 hectares. Agriculture and coffee sector in particular, contribute over 40% of the GDP and about 90% of export earnings. The fluctuation of world prices of coffee in the early nineties badly affected all coffee producing countries Uganda inclusive. The country is still dependent on agriculture although the overwhelming dependence on coffee for earnings of foreign exchange has been considerably reduced, (The coffee Profile Uganda: 3)

Uganda has undergone agricultural reforms that have impacted greatly on the small holder growers.

Smallholder farmers grow coffee on 0.1 to 0.5 hectares and there are about 1.5 million households directly involved in its production. Robusta coffee takes about 90% of the total coffee produced in the country. Robusta has an economic life of over 30 years when looked after well and the systems of growing it are quite similar to that of maize, bananas, beans, cassava and sweet potatoes and for that reason an easily be inter planted with other perennial crops like the banana, maize, and beans.

Europe with specific reference to France and Germany have provided the main markets( 65% - 80%)for Ugandan coffee the others are USA, Canada, Russia, Poland, Hungary, India, South Korea an Australia .

The period between 1987 – 1996 was of reconstruction and adjustments. World Bank (WB) and The International Monetary Fund (IMF) advocated for Agricultural Trade Liberalization which is one of the major components of Structural Adjustment Program (SAP's) since it is believed it would reduce the distortions in agricultural markets.<sup>5</sup> The introduction of macro policies led the government of Uganda to reduce state control and interventions in economic activities. The government withdrew subsidies and price support hence putting emphasis on market forces. There was a restoration of exports through the Structural Adjustment Facility (SAF) program. This was the period that inflation went down and GDP per capita begun growing again. These reforms did not only impact on the agricultural sector in general but had a real impact on the coffee sub sector.

But, fluctuation of world prices of coffee in the early nineties badly affected all coffee producing countries particularly land locked producing countries such as Uganda. Coffee is the most important cash crop in the country, in terms of both employment creation and the value of production, and, despite fluctuating world prices and diversification, it remains the major source of foreign earnings.

### **3.2.2 Coffee before Liberalization**

Coffee development on a commercial scale started in the 1920's. an extensive coffee production programme was launched in the 1950's and by 1960's coffee production had risen to about 2.0 million bags and reached 4.2 million in the early 1970's however its production was then badly affected by civil strife, poor marketing systems and low producer prices resulting from Government monopoly and controls.( The coffee Profile Uganda: 4)

Coffee production had been fluctuating for the last 20 years and reaching peak production in 1972. It declined in the 1970's and early 1980's and was slowly increasing in the mid 1990's but is yet to return to its former levels. The two main actors are the Uganda Coffee Farmers Association that represents the small holders and the Uganda coffee trade federation representing the processors and exporters. (Uganda Investment Authority: 2004)

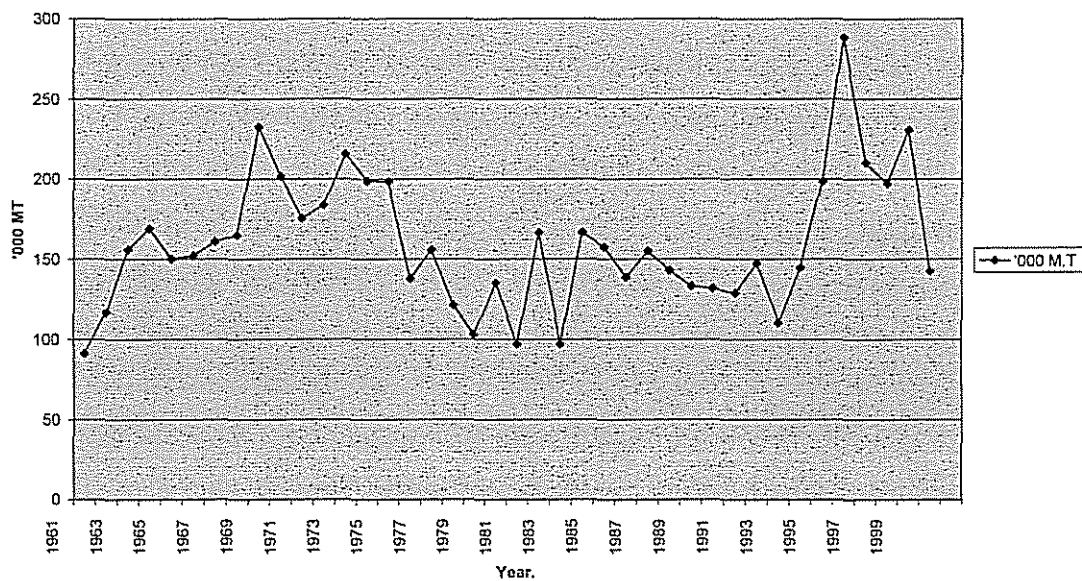
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<sup>5</sup> (<http://countrystudies.us/uganda/52.htm>)



The figure 2 below shows the variability of coffee exports in the period leading up to the reforms. The coffee exports were approximately 3 million bags per year (180,000 metric tonnes). It was 1976 that the first decline in output was witnessed, then a slight improvement until 1978 given the economic environment, that output collapsed drastically as shown in the figure 2 below(see also appendix A).

**Figure 2: Coffee Production in Uganda 1961- 2003 '000 M.T**



Source: Backgrounds to the budget issues (2000- 2005)

Wiebe and Dorge (1987:36), state that coffee processing and marketing were originally done by the Asians and Europeans on a competitive basis. The prices offered to farmers were very low and usually unstable.

Due to poor quality coffee that resulted from lack of adequate extension services the colonial government changed the policies and by 1929, a supervision and inspection scheme had been introduced to maintain quality standards. This scheme was to purchase, process, and market coffee. It was during the World War II that the private sector started experiencing shipping problems hence leading to the establishment of the Coffee Industry Board (CIB) in 1943. This CIB was to do the actual exporting of the coffee abroad. Among other functions it was to buy all the Robusta coffee, and to transport and sell this coffee to Europe (UCDA 1992, Nabunya 1995).

Uganda took up the statutory marketing boards as a result of the high demand of the produce that saw booms and high prices. Babigambah (1996:15) In order to stabilize the producer prices the government decided that the profits earned in the era of bulk purchasing could be constituted into price stabilization funds to be administered by a statutory marketing board for each commodity. With this kind of mandatory laws, coffee was to be marketed through a marketing board. He further notes that according to the Coffee Ordinance of 1953, the Coffee Industry Board (CIB) was to purchase, handle and authorize the export of all processed coffee produced in Uganda and to recommend to the governor the levels of the fixed prices to be paid by the board to curing works. Other responsibilities included among others: regulating of coffee markets, recommending the price paid to farmers and processors, and advising the government on the reorganization of the whole coffee industry. CIB was later to be named Coffee Marketing Board (CMB) in the year 1958 and its functions added a coffee fixing price committee. It was not until later in 1960 that Uganda became a member of the Coffee agreement whose role was to balance the demand and supply of coffee (UCDA 1992:2).

The CMB was to advise on the quality of coffee exports and protect coffee producers from fluctuating world market prices by creating a reserve fund when there was a boom and draw from it when the markets became less favourable. The CMB had to promote the production and marketing of the agricultural crops. In addition to the two responsibilities, it had to expand export earnings especially from the agricultural sector as this was the main foreign exchange earner of the country. Finally it had to strengthen the bargaining power of the producer's vis-à-vis the middlemen. Nabunya (1995: 17).

It was around the same time after independence in 1962 that the Ugandan government took over the Marketing institutions from the colonial authorities and the CMB was then given all the monopoly powers to export coffee hence removing the existing private exporters. During this period when the government through the marketing board were in control of the markets, subsidies and agricultural input prices were thought to be stabilized. It also supported the agricultural output prices.

Originally, the small farmers had formed co-operative societies that had been licensed to buy sun dried beans at a minimum price. The individual members delivered the

produce to local depots where the society then transported this produce to the union (of societies) that bulked, processed, transported and sold the coffee to the Coffee Marketing Board. The processing of coffee was done by the cooperative unions.

The coffee sector started deteriorating as a result of inefficient and ineffective management and CMB was now characterized by paying low prices to the farmers even when the world market prices were high, this led to the smuggling of coffee out of the country to be able to gain a fair price<sup>6</sup>. The lack of funding for research led to limited extension services that could have lead to better quality improvements and volume of coffee exports. Lastly, the poor, infrastructure also became a problem to reckon with as storage processing and transportation were more difficult. (Katorobo, 1995:74; Twesigye, 1990:38; UCDA, 1992:3)

### **3.2.3 Liberalization of the coffee marketing sector**

During the 1970's Uganda experienced poor economic performance and mismanagement of the public affairs by the Amin government<sup>7</sup>. The implementation of the World Bank /IMF supported Structural adjustment programs (SAP's) had been prompted by the war to oust Amin in 1979/80 that had accelerated the decline of Uganda's economy and ruined it completely.

Reforms in the agricultural sector were based on the following strategies: dismantling of price controls, upward revision of prices and reforms of marketing structures, rehabilitating of transport systems.

The UCDA (1992:1) report outlined the objectives of liberalization as follows:

First there was need to improve prices payable for Uganda's coffee by making the systems transparent. Secondly, a marketing system that was more efficient by introducing more elements of competition was required. In addition, Uganda's coffee quality had to improve for export through competition and price incentives to both farmers and exporters and lastly, the need to improve on the problems of crop finance availability, acquisition and utilization in the coffee sub sector.

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<sup>6</sup> this is commonly known as magendo in Uganda

<sup>7</sup> Idi Amin Dada (president of Uganda 1971-1979).

Bazaara (2001) moves on to add that Uganda had kept an over valued exchange rate which made its agricultural produce quite expensive leading to a reduction in its exports. The policies instituted to solve this deficit was through the exchange rate liberalization that made exchange rates dependent on forces of demand and supply. He asserts too that the use of marketing boards like the Lint Marketing Board(LMB), Coffee marketing Board (CMB) and Produce Marketing Board(PMB) saw a set of corrupt institutions that led to inefficiencies this called for the withdraw of state intervention if agricultural input prices were to be put right through market mechanisms.

It was under the Economic Recovery Program that the government took the comprehensive liberalization of both internal and export marketing of coffee and by the end of 1990 the liberalization of the coffee sector had started.

#### **3.2.4 Process of the reforms**

During the 1990's the government took up a number of institutional and marketing reforms that had the following significant changes.

Restructuring took place in the coffee sector that saw the 1969 Coffee Marketing Board Act being removed hence creating a private company of Coffee Marketing Board limited (CMBL) that was still owned by government, and a new regulatory body was also formed "Uganda Coffee Development Authority" (UCDA). The UCDA was to control the quality and price of coffee. Other institutional reforms included the formation of the Uganda Coffee Federation that was created in 1994 as a pressure group to pursue interests of the coffee industry. It currently brings together coffee exporters and other stake holders associated with the industry.

Other coffee exporters were allowed to join the trade so the former cooperative unions which included the Banyankole Kweterana, Bugisu, Masaka, and Busoga union. These unions merged together with two others Okolo and Sebei to form an association known as Union Export Services, (UNEX). Private exporters were licensed to undertake the export of coffee. (Babigambah, 1992:6; World Bank 1993a:78; UCDA Report, 1992:4).

During 1991, coffee exports were still being implicitly and explicitly taxed and the coffee export earnings continued to be converted into shillings at an official exchange rate hence affecting the profitability of the sector. Other taxes that came in form of threshold prices affected the export business as new entrants into the trade were discouraged by the trading profits that were to be realized. It was around 1992 that the government removed the implicit tax and allowed the coffee earnings to be converted at the market exchange rate and the tax on coffee exports removed. Liberalization of the coffee sub sector was almost fully implemented by the end of 1992. (World Bank 1993: 60 – 70) table 1 below streamlines the reforms in the coffee sub sector.

In addition to the above reforms, government control on producer prices, processors and export margins were removed by the end of 1992, the farmers' price and margins were determined by the market forces which greatly assisted farmers and traders in their transactions (UCDA, 1996: 2).

**Table 1: Reforms in the coffee sub sector**

|         |  |
|---------|--|
| 1990/91 | Separating the Regulatory and trading functions of the CMB dividing it into two new institutions, Uganda Coffee Development Authority (UCDA) and Coffee Marketing Board Limited (CMBL) and removing CMB's monopoly in the export of coffee.                              |
| 1991    | Transferring crop finance functions for the coffee sector from the Bank of Uganda. Removing controls on producer prices, processing and export margins, allowing farmers' price and other margins to be determined by market forces. A floor price remained for exports. |
| 1992    | Reducing implicit taxation of coffee exports, by exchanging coffee proceeds at bureau exchange rates, removing export taxes.   |
| 1993    | No longer requiring exporters to surrender proceeds to the Bank of Uganda.   |
| 1994    | An export tax was re imposed in the wake of coffee boom  |
| 1995    | Abolition of the export floor price for coffee.  |
| 1996    | Abolition of the coffee stabilization tax.   |

Source: Kiggundu 1998. 32

By 1993 however, the other components of liberalization had not been implemented. The reasons as noted by Bazaara (2001:14) stemmed from governments inability to resist the terms imposed on them right from the foot dragging to refusal to implement.

Bazaara, 2001:14) goes on to note that it was in 1992 after the sacking of the Minister of Finance who was opposed to the SAP's, that the SAP's took a step forward to be implemented. He further asserts that the National Resistance Movement (NRM)<sup>8</sup> could not easily implement radical economic policies without the cooperation of other political forces and lastly the war in Northern and Eastern Uganda had led to resources being diverted hence ignoring some of the components of the SAP's.

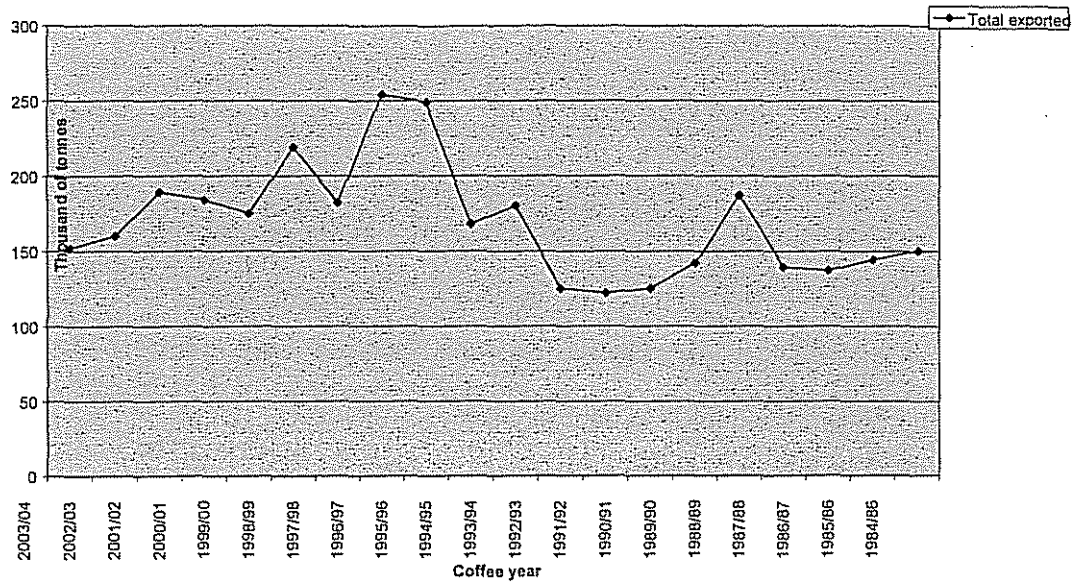
### **3.2.5 The impact of the liberalization policy**

According to Dijkstra (2001: 841-863), there was fast dwindling market share of CMB and union export services ( UNEX) indicating the little faith the farmers had on these institutions before liberalization. The coming of liberalization policies lead to increased output and coffee exports in the coffee sector. Look at figure 3 and 4 below(data sets of which are in appendix A). The graphs show that with an exception of a small recovery in 1989 there has been a down ward trend of coffee exported with the exports reaching their lowest levels in 1991/92 from an average of 144,000 metric tones achieved during period 1986-89 to an average of 128 438 during 1990 – 1992. Among the factors that could have contributed to low outputs were the declining producer prices reflecting coffee prices on the world market of which the country had no control. Secondly the unavailability of sufficient farm inputs like fertilizers and pesticides which are factors that can improve farm yields hence reducing the coffee outputs. In addition the draught that affected most areas of the country also is a factor that could have led to this reduction (World bank Report 1993).

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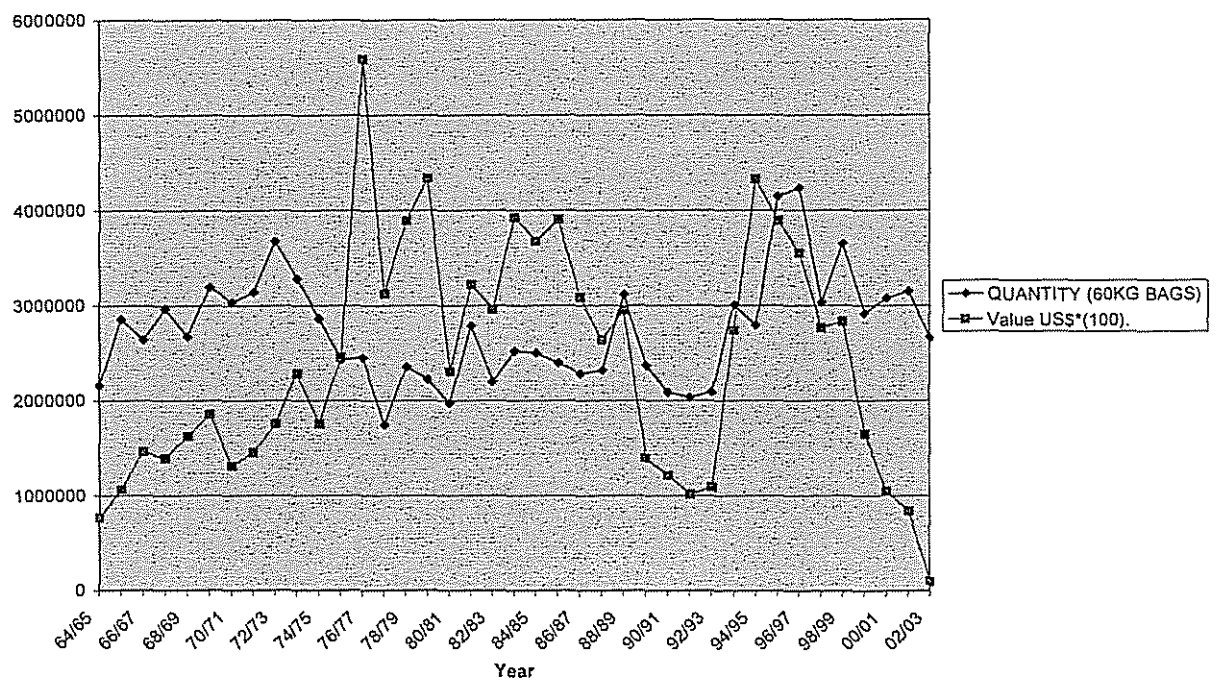
<sup>8</sup> National Resistance movement is the current regime of Uganda led by Yoweri Kaguta Museveni

Figure 3: Coffee Exports (1984 - 2004)



Source: UCDA Annual Report, (2003)

Figure 4: Uganda Coffee Exports in Quantity and Value 1984 – 2004

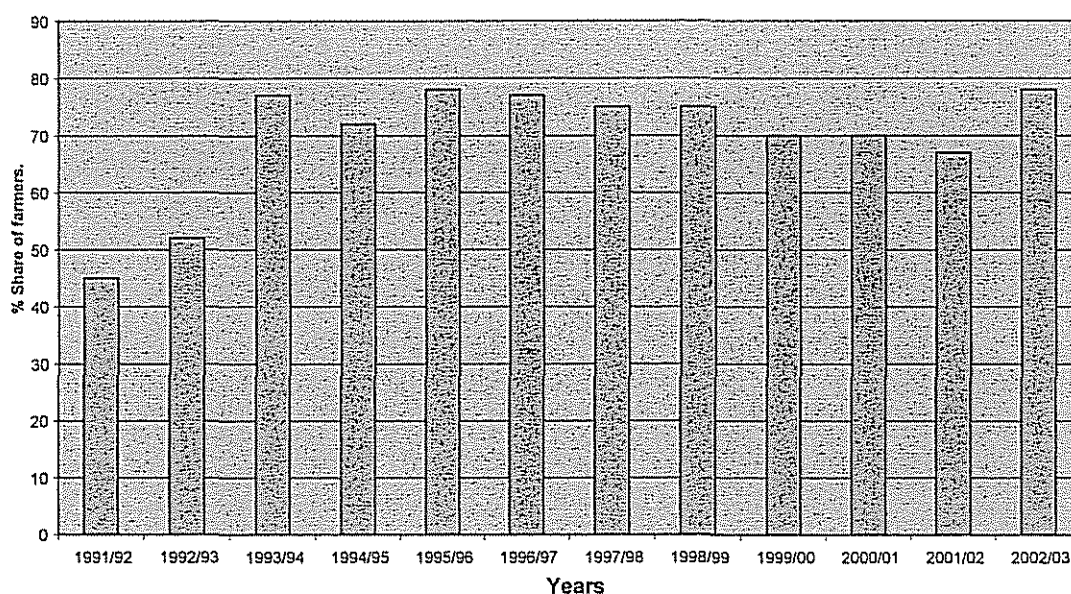


Source: Source: Uganda coffee federation 2003/2004 edition.

Based from the figures above there was an upward trend of exports after 1992 which could explain the positive effect of the trade liberalisation which took off around the same time as discussed earlier.

The liberalization of the coffee sector improved farmers marketing incentives as they were receiving cash promptly and not promissory notes anymore like the case was with the CMB. In addition, there was free entry into the market that leads to a country wide network of coffee collection. In addition, the farmers gained a firm financial base that enabled them to manage risk. This financial base is also evidenced by the increase in farmers' percentage share received from fair Average Quality as shown in the figure 5 below. The risk management is again evident from the experience seen during the 1994 – 95 boom when they did not “Collapse” they did not also reduce the volume of exports.

**Figure 5: Percentage Share for Farmers for Fair Average Quality (F.A.Q)**



Source: UCDA, 2002-2003

The figure 5 above gives a clear indication of the increase in the percentage share of farmers it was as low as 46% in the year 1991/92 and because of the reforms it had steadily increased to 78 % during 2002/2003 hence showing the impact of these liberalisation policies.



In spite of all the above, World prices of coffee kept on fluctuating and farmers have inevitably received less and less for their coffee at the farm gate. The average price for coffee, FAQ, rose to a record high of 1685 sh/kg<sup>9</sup> in 1994-1994 and after falling back to 1146 rose again to 1430 in the years 1997 – 1999. The following year the price fell to 1100 and in 2000-2001 to 700sh/kg. By early 2002 the price of coffee at local mill was down to 390-430 Sh/kg (16-17 P). By April of the same year prices had recovered by about 30% from this low according to UCDA (2002). Prices recovered even more to 650-700 sh/kg, this was attributed to competition within the domestic market that led to limited supply and the need for exporters to fulfil their contractual obligations.( Geoff Sayer 2002)

However, when prices began to decline, there was an upward trend of coffee planting which the Uganda Coffee Development Authority(UCDA) explains as being a result of the government and Non Governmental Organizations(NGO's) programs of promoting coffee growing. UCDA is encouraging the destruction of old coffee trees especially those affected by the wilt disease to be replanted with the clonal trees.

The reforms not only had an impact on the prices and exports but also on the gender differences of the small holders. Bazaara, (2001:16) notes that there is change in the division of labour, when there is expansion of a particular crop. This alters the work load between men and women .The families that use hired labour of which are the minority, the man and woman will remain at supervisory levels. Where as the work load for the women in the rich class may not be as heavy as that of the middle class, it should be noted that demand for expansion of cash crops normally affects the middle class women most as they have to cultivate the cash crop and at the same time take care of the food security in the household. These changes are eventually very exploitative and a burden to women as the chances of also technological advancement may not be possible at this point in time.

### **3.2.6 Coffee sector liberalization and response of producers**

The coffee wilt disease has become a serious problem in the coffee sector aside from the fluctuating prices. It is affecting most of the old crop. However, the disease is also an advantage on one side as farmers are replanting the old trees with new breeds of

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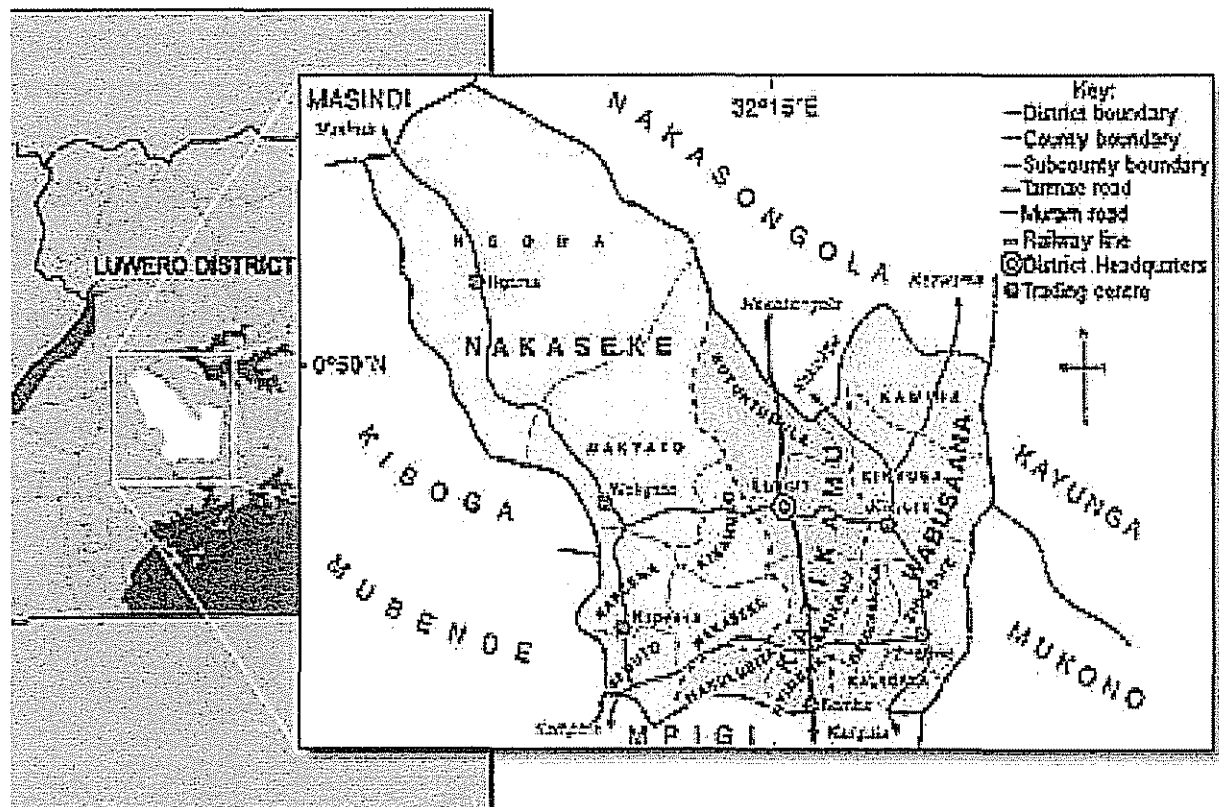
<sup>9</sup> One US\$ is equivalent to about 1900 Ugandan Shillings.

clonal coffee trees that mature in 18 months instead of five to six years of the old type; in addition, they bring out higher yields of 2500Kg per hectare instead of the 700 kg produced by the old trees. The new clonal coffee is more profitable as it was going for 290 shillings per kg instead of the old berries that went for only 210 shillings. The only limitation of the clonal coffee is that a tree seed was going for 500 Ugandan shillings (US\$.25) which is a bit too high for the small scale farmers.

In addition, there are poor transport networks in remote areas and this is where most farmers are found. The inadequate supply of farm inputs like the pesticides, fertilizers and improved productivity. Lastly, there is lack of research and extension services to improve on the quality of coffee for the farmers.

### 3.3 Overview of Luwero

Figure 6: Map of Luwero



Source: SAI platform. 2005

Luwero District is part of the Northern Province of old Buganda Kingdom situated in central Uganda. It is bordered by Mpigi District in the South, Kiboga and Nakasongola Districts in the North and Mukono District in the East. It is composed of three counties namely Bamunanika, Nakaseke and Katikamu. It is characterized by a fairly flat topography with some scattered hills. The savannah grasslands that define most of its vegetation is what favours the pastoralists in the northern part of the district and agriculture is in the southern part. The district makes about 3.5% of Uganda and has 93.5% of its land cultivable (Nielson, 1994:30)

Agriculture to date is the main economic activity of Luwero and involves both crop and animal husbandry. Most of the labour force is into agriculture and the most agricultural crops grown are coffee, fruits, cassava, banana, potatoes, maize, honey, maize and horticulture. The livestock products are mainly dairy products and beef. This can be seen in the table 3 below. It is important to note that the percentage of coffee grown compared to other crops is 5.1. This implies that coffee was not the most economic activity for the households of Luwero in that year.

**Table 2: Agriculture households and crop plot by time, type of crop in Luwero (Jan - June 2002)**

| Crops        | Agricultural households | Agr. HH with plot number | Agricultural HH (%) | Total number of HH |
|--------------|-------------------------|--------------------------|---------------------|--------------------|
| Coffee       | 82,491.0                | 4,235.0                  | 5.1                 | 7,494              |
| Bananas      | 82,491.0                | 23,276.0                 | 28.2                | 36,684             |
| Cassava      | 82,491.0                | 46,062.0                 | 55.8                | 70,930             |
| Sweet potato | 82,491.0                | 38,789.0                 | 47.0                | 56,123             |
| Maize        | 82,491.0                | 26,233.0                 | 31.8                | 39,862             |
| Beans        | 82,491.0                | 38,264.0                 | 46.4                | 57,410             |
| Millet       | 82,491.0                | 3,311.0                  | 4.0                 | 5,498              |
| Sorghum      | 82,491.0                | 183.0                    | 0.2                 | 235                |
| Ground nuts  | 82,491.0                | 7,694.0                  | 9.3                 | 10,915             |
| Simsim       | 82,491.0                | 77.0                     | 0.1                 | 115                |

Source: Uganda Bureau of statistics (Sept 2005), Population and Household Survey (2002). Agricultural Model.

The District is made up of various ethnic groups. In addition to the Baganda who are the original inhabitants it has got the Luo, Banyankole, Banyarwanda and Nubians<sup>10</sup>. The females in Luwero provide 85% of farm labour and widows make up the poorest of the communities. There is limited wage labour as most of the labour is provided by the families themselves. (<http://www.luwero.go.ug/index.htm>)

The house holds in Luwero consist of an average of about 4 or 5 people were 68% are male headed with an average age of 37 years and the 32% are female headed with an average age of 46 years. Houses are mostly made of mud and wattle and roofed with iron sheets. The burnt bricks have become fashionable of late but to the disadvantage of the top soils of the area. 96% of the house holds use firewood and about 3% use charcoal (Nielson, 1994).

Plantation agriculture in Luwero involves the growing of coffee and bananas, which makes the area to be dominated by smallholder farmers, its' fertile soils and reliable rainfalls have enabled the high food security and good yields in the area through out the years.

Cotton had been the first and main cash crop to dominate the area until 1950's when Robusta coffee (*Coffea canephora* Pierre) became the main cash crop. Coffee growing has undergone years of price frustrations that have led to diversification into crops like passion fruits and vanilla, maize beans cassava etc this is clearly shown in table 3 above with only 5% of households growing coffee as a major cash crop. The people are also adapting to honey production, poultry and cows.

Coffee has been planted in the area for more than 30years but the fluctuating prices have lead to the neglect of the plantation which in turn has affected the quality of the coffee put onto the market. All the coffee grown is processed by privately owned factories after the farmers have sun dried the berries for one to three weeks. Currently there is intercropping with plantations especially the old coffee plantations.

After the five year war in the area that ended in 1986, some of the peasants who had fled started resettling back in the last 8 years. This was a blessing in disguise in the war torn area as the soils had undergone involuntary fallow that has benefited the soil

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<sup>10</sup> a group from whose origin was from the coastal areas of Kenya .

fertility and led to less need for use of fertilizers and chemicals in the soils. The most common type of manure is the coffee husks which were free until recently. Some farmers use the cow dung from the animals.

The district has got fairly good infrastructure and the rehabilitation of the roads after 1986 has improved market access. Liberalization of markets has also improved the motivation for farmers and about 80% of the household in the area depend on cash income from agricultural products. (Nielson, 1994: 30- 39)

Most farmers work between 8.30 and 11.00 am every day except Sundays. The work is done by the household except for a few who use hired labour. The most common tools are the hoe ( nkumbi), axe (mbazi), slasher (oluso), pangas and spade.

### **3.4 Plan Uganda**

Plan Uganda, is a non governmental organisation in Luwero District actively participating in three main Sub-counties of Bamunanika, Katikamu, and Luwero West. Bamunanika Sub County is found within Bamunanika County and has 6 parishes, 64 villages and 5,455 numbers of households. Katikamu is found in Katikamu County, has 7 parishes 86 number of villages and 8,955 number of households. Luwero West is in Katikamu county, has about 9 parishes, 56 villages with 6,621 numbers of households.

In the Country Strategic Plan 2004-9, Plan Uganda enhanced the focus on the protection, participation, care and development of children. In line with this focus, Plan Uganda is implementing a five-year project entitled “*Strengthening Food Security for Children and Families Living in Poverty in Luwero District.*” This project aims at improving food security and household incomes through coffee quality improvement, environment protection, school outreach and Early Childhood Care and Development (ECCD) activities. The project focuses on food and nutrition security, with a specific goal of reducing malnutrition in children.

During the phase one programme(1999-2003) the projects main objectives were to improve access to safe potable water; improve the carrying capacity and production capacity of the natural environment through reforestation and environment – friendly agriculture, and to improve the income and food security of the coffee farmers.

In this phase one, the Project was able to increase the financial capital base of the farmers by supplying 1324 animals to the poor households to improve their animal protein and incomes through sale of dairy products. The animals included local cows, pigs, local and improved goats.

In addition, the project improved the well being of the people with physical capital that included the construction of 20 boreholes that reduced the risk of lack of clean water. On the natural capital, the project promoted the planting of trees to support the communities. This activity was successfully implemented by planting 43,873 trees in the area. The trees were planted on individual households' and on schools' lands. The land belonged to individuals and schools.

The project was able to improve on the human capital of 25093 households through training and facilitating in wood saving techniques. 1,966 farmers were enabled to produce a variety of food crops and 5,751 families were introduced into horticulture in order to supplement their agrarian cycle and diets. Most of the farmers were subsistence farmers and small scale traders before Plan came into the picture.

Because of this programme the women and children's workloads were greatly reduced in terms of accessing water and fuel for cooking. This in addition encouraged the conservation of the environment. The animals enabled the families improve on the household income and nutrition. However, one of the biggest limitations encountered in this phase were the fluctuating coffee prices and coffee wilt disease that affected the income generation from coffee crop within the project area. This reduced the farmer's commitment to properly managing their coffee fields

As the food security of some families in Plan Uganda's project area had improved, phase two focused more towards enhancing the protection, participation, care and development of children. It is set to improve on the income generating capacity of the farming families in the Project area. Phase two project started January 2004 and is a 5-year follow-up program of the successful 4 year food security and farm enterprise project in the same region (phase 1).

According to UGA0094 (2004) the main objectives of this phase are as follows:

To enhance awareness and improvement of coffee quality by training and supporting the small coffee farmers in utilising technologies for pre and post harvest. Here emphasis would be mostly on female farmers.

To augment market efficiency and incomes of farmers through the development and empowerment of small groups of coffee farmers.

To create and retain community participation through enabling families to make enhanced productivity agricultural investments, to sustain efforts for environmental conservation and to properly manage natural resources.

To facilitate uptake of farm management practises through the introduction of intensive farming techniques and income generating activities.

To maintain an outreach programme in schools to enable school children to improve their knowledge and skills in agriculture, environmental conservation and natural resource management.

To promote childhood care and development in the context of the communities needs and resources with the ultimate goal of food security and improved nutrition.

With emphasis on the first objective that will handle awareness and improvement of coffee quality by training and supporting the small coffee farmers in utilising technologies for pre and post harvest, the Project Coordinator one Technical Officer from IBERO (U) Limited (Ibero)<sup>11</sup>, and three field officers were set to support in the provision of agricultural advisory services to the farming community. These services concentrated on improved varieties/clones of crops and agronomic practices, new technology packages from agricultural research, and improved coffee post-harvest handling systems and techniques (picking drying and storage). This was to be handled using farmer – to – farmer extension approaches. Technical officers were responsible in impacting technical skills to the field officers and to the farmers only when necessary.

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<sup>11</sup> Ibero (Uganda) Limited, backed by the world resources of the Newmann Kaffee Gruppe, is one of the reliable suppliers of quality coffee from Uganda. The company also offers services and advice to suppliers and clients of green coffees in order to keep the good quality running. Plan Uganda is currently working in partnership with Ibero in the implementation of the phase two programmes.

In addition to training field staff on pre and post harvest handling of coffee to be able to advise the farmers properly, Plan Uganda was to develop and empower small coffee producer groups through Ibero's coffee quality improvement scheme that is based on an internal control system that promotes the formation of coherent farmers groups. The project documents<sup>12</sup> quotes

Experience from other market interventions has shown that group marketing can result in price premiums of from 10-50% at the farm gate, depending on the commodity, the volume mobilised, and the extent of value added through improved quality control.

With the formation of these groups, Plan would work closely with Ibero to link the coffee farmers to market channels offering fair prices hence guarantying a ready market for the farmers' dry coffee at a premium price.

Plan Uganda's project for the improvement of coffee quality for income generation purposes is based on the assumption that coffee prices do not decrease to the point where farmers can not recover their investments. It also assumes that the coffee wilt disease will not spread to other areas or ruin large amounts of the crop.

To date the project has been successful in identifying the target groups and using methodologies listed in the social economic survey, 1058 households were identified in the first year of these 25% were women<sup>13</sup>.

30,000 coffee seedlings have already been distributed to farmers. This was done in collaboration with the Uganda Coffee Development Authority.

The coffee farmers have been linked to market channels and the implementing project Ibero bought all the coffee from the project participants at a premium price. Hence all the 1,058 farmers were able to sell their coffee to Ibero.

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<sup>12</sup> As got from the project document titled (Strengthening Food Security for Children and Families living in Poverty" Luwero, Page 9.

<sup>13</sup> Project report( 2004) ,UGA 0094, Strengthening Food Security for Children an Families Living in Poverty Page 5.



## **CHAPTER FOUR: DOES PLAN UGANDAS' CLONAL COFFEE FIT POOR FARMERS' LIVELIHOOD STRATEGIES**

This chapter presents an analysis of the approach followed by Plan Uganda and the farmers' responses with regard to fluctuating incomes earned from coffee. The household in the project area was taken as the unit of analysis. The study assessed whether there was a fit between the approach of Plan Uganda and the strategies followed by the farmers in reacting to the fall in income from coffee. It was aimed at assessing the following:

- Whether the schemes based on the introduction of New High Yielding Varieties of Coffee (Clonal Coffee) Supported the Strategies of Luwero farmers in response to fluctuating incomes as a result of prices of coffee.
- Whether the schemes introduced by Plan Uganda appealed only to a minority of the farmers with sufficient capital.
- And if these Schemes were responding to the development of new cash cropping alternatives in the District

The method of analysis was guided by the following findings:

Description of the vulnerable farmers in Luwero. Here the findings also presented the Vulnerable as described by the Plan Uganda Project.

Secondly the needs of these vulnerable farmers were identified and what it takes to be involved in the current project activities. On this part the indicators chosen were limited to, Accessibility of financial, physical, natural, human, and social capitals. Gender differences were emphasized in the accessibility of capital. The findings presented the kind of assistance or help these vulnerable households were receiving from the project.

Lastly the findings presented the number of farmers that had joined the project, how many of these were poor and what happened to farmers incomes as a result of the project.

Due to limited availability of District literature within the country, the findings greatly depended on the pilot Social Economic Surveys of the district for the years 2000 and 2001 that were compiled by the Uganda Bureau of Statistics. In addition all available profile reports, reports on key economic indicators and the national surveys were used. From the project side all the reports available were used as referenced in the findings for the project Social Economic Survey report.

#### **4.1 The poor and vulnerable in Luwero District**

During the 1990's Uganda's poverty reduced from 56% 1992/93 of the population to 35% in 1999/00 (M FPED 2002). The Uganda and participatory poverty assessment in 1999 described poverty as "a situation of perpetual need for the daily necessities of life, such as food, shelter or clothing and "... a feeling of powerlessness..." This suggests that possession of basic assets gives the best measure of well being. Results from the District Social Economic Survey reveal that many households in Luwero district could not quickly access basic facilities like health units, secondary schools, markets and public transport.

Plan Uganda identifies vulnerable households as households that match the categories of the middle, poor, and very poor whose characteristics are as follows:

These households live in houses made of mud and wood and occasionally iron roofed for those in middle category, they find it hard to pay tax; they can not afford school supplies like books even when they have access to Universal Primary Education<sup>14</sup>. They dress poorly and do not eat well, some drink too much alcohol and they generally can not afford some basic necessities of life (Social Economic Survey by Plan Uganda).

Following the theoretical and analytical framework in chapter two, it was necessary to know the needs of vulnerable households if they were to successfully adapt to the innovations Plan Uganda was introducing. It is important to note that the beginning point of these vulnerable households was the fluctuating incomes as a result of fluctuating coffee prices and the need to increase their income generation led Plan Uganda to introduce the Clonal coffee varieties. These poor households need

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<sup>14</sup> It is a government program offering free primary education for all children in Uganda at the moment.

accessibility to productive capital to enable produce the new type of coffee. The following section presents and discusses the findings on the accessibility of the productive capital.

#### **4.2 Accessibility of financial capital**

Savings and credit are a crucial factor in facilitating the re-investment and planting of clonal coffee which is a High Yielding Variety. This can be in form of money saved, assets that can easily be liquidated to get money for reinvestment and credit from Financial Institutions. These saving and credit will enable the farmers of Luwero buy all or access most of the necessary inputs to be used in the growing and marketing of clonal coffee.

The present literature on Luwero was not able to tell the level of savings of the farmers. The savings in form of other assets were limited to assets like livestock, and poultry, livestock is one of the valued assets in Luwero District. According to the social economic survey of Luwero (2000:36), the livestock by average number and percentage reporting changes in stock is presented in the table 4 below

**Table 3: Percentage ownership of animals by households and the average number of these animals per household**

| Type of Animal | Average Number of animals | Less animals Now % | Same animals now % | More animals now % | Total % | Total Households |
|----------------|---------------------------|--------------------|--------------------|--------------------|---------|------------------|
| Goats          | 3                         | 31                 | 37                 | 32                 | 100     | 19,750           |
| Cattle         | 12                        | 22                 | 43                 | 38                 | 100     | 20,400           |
| Sheep          | 4                         | 30                 | 46                 | 24                 | 100     | 5,920            |
| Chicken        | 7                         | 52                 | 24                 | 24                 | 100     | 41,730           |
| Rabbits        | 4                         | -                  | 62                 | 38                 | 100     | 1,310            |
| Pigs           | 2                         | 28                 | 44                 | 28                 | 100     | 15,670           |

Source: UBOS (2000:36)

Based on the above table 4 the number of households that reported less livestock represented the category that could have converted the livestock into either money to cope with urgent needs or to another form of capital which could include physical, natural, human etc. Chickens had the highest percentage of reduction compared to

rabbits which had no one claiming they had less in that year. The reduced ownership too could have been as a result of risks involved in rearing livestock among which animal diseases.

In addition, the category that reported that the livestock stayed the same probably preferred keeping it as a source of income if need arises. The category that had more for the that year shows an improvement in the acquisition of the livestock these could be as a result of natural causes like reproduction, or acquisition by buying or receiving donations.

Plan Uganda social economic Survey makes it clear that it is a minority of households that own various types of livestock this is summarized in the table 5 below

**Table 4: Percentage ownership of animals by households and the average number of these animals per household**

| <b>Animals</b> | <b>Percentage of households in ownership</b> | <b>Average number of animals per household</b> |
|----------------|--|--|
| Cattle         | 28   | 2  |
| Pigs           | 28   | 2  |
| Goats          | 30   | 3  |
| chicken        | 40   | 9  |
| Sheep          | 14   | 4  |

Source: Plan Uganda social economic survey.

From the table 5 above it is visible that the number of households that keep livestock in Plan's area of operation are not more than 50% for each of the different kinds of animals and the average number of livestock per households is limited to 2 or 3 except for chicken which had 9 this shows that most of the households in the study were probably in a vulnerable state and lacking adequate access to productive capital like livestock.

According to the District survey 2001, access to credit in Luwero was reported as shown in the table 6 below,

**Table 5: Access to Credit in Luwero District 2001 %.**

| Area           | Access to Credit |    |              | Total |
|----------------|------------------|----|--------------|-------|
|                | Yes              | No | Not reported |       |
| Rural          | 36               | 64 | (0.3)        | 100   |
| Urban          | 50               | 50 | 0            | 100   |
| All households | 37               | 63 | (0.2)        | 100   |

Source UBOS (2001)

Many households in rural and urban areas could not access credit easily. 36% of the rural who are probably also the poor could access credit thus leaving the majority without access to credit. 37% of the households could access credit successfully as a result of many Non Governmental organizations that offer Micro Finance facilities. Based on this it is visible that the accessibility of credit by the poor of Luwero would be a problem if the majority still could not access it from the Micro Finance institutions that aim at serving the poor with no collateral. This would in turn affect the activities and strategies of the poor that would have been interested in taking on the Clonal Varieties from Plan Uganda.

The Greve(September 2004) report, states;

In the project design Microfinance was not included in programme as coffee improvement is largely a matter of investing time (labour) especially for the small holder farmers. The farmers have limited need for additional financial resources, except for seedlings, equipment, processing (tarpaulins for drying), and participation in group marketing and only a few 'larger' farmers who use hired labour due to labour constraints would require microfinance for farming purposes. The project does not focus on off-farm income generation whereby access to microfinance may in fact play a more important role in allowing economic investments by the poor.

Plan Uganda's (Jan- Dec 2004) project report moves on to reveal that livestock management training has been given to 150 people (83 women and 67 men) in the sub counties. 16 goats were procured and given to 16 households and 86 piglets were procured and given to 86 households. This was aimed at increasing livestock production for the families and also in the end their incomes would increase. It is important to note that given the total number of households in the project area that

comes to 21,031 only 102 households gained (0.4%) In addition, Plan Uganda (Jan-Sept 2005) reports that 850 chickens were distributed to care givers, 95 piglets were procured and distributed to two parishes and 52 goats were given to care givers. All those that received the animals were vulnerable households. The report was limited with on the breakdown of the number of households that gained in the January to September 2005 report.

From the above, literature on the savings of the people was not clearly indicated. The details of the productive capital like livestock showed that most households had livestock not more than 2 types and many were worse off in livestock than the previous periods which indicated a decrease in security for them. The availability of credit facilities was limited as the project assumed the farmers would not use financial capital. This yet as financial capital would be one of the major requirements for the poor in Luwero to be able to adopt the Clonal coffee growing schemes successfully. This too leads to the farmers moving into less financially demanding activities as evidenced in table three of chapter three were only 5% of the households are actively participating in coffee growing . More than 28%, 55%, and 47% are actively growing bananas, cassava and sweet potatoes respectively.

The project has invested time and resources in training on livestock management in order to help these farmers improve their livestock production and hence improved incomes. The training would be a good resource to the households as the knowledge may be passed on to other households in the future even when the project is no longer operating in the area.

The above discussion clearly shows that whereas Plan is actually training in livestock management, the evidence does not show that the farmers are responding to the new coffee variety. it instead ascertains the importance of other food crops to the farmers at the moment over coffee.

Gender was not clearly put into the perspective of the project as we are only told of how many women and men were trained in the livestock management. It would have been useful to understand the breakdown of the duties within a household, the ownership of productive assets, and household labour patterns with regard to who does productive or unproductive work. This would permit an easier assessment of

issues that might arise for instance, the addition of livestock could actually increase the duties expected from the women in the households, hence affecting their well being at an expense of the additional livestock.

#### 4.3 Accessibility of Natural Capital

In order for the vulnerable farmers to readily participate in adapting clonal coffee, they must have access to land to grow this coffee

Land tenure in Uganda is defined in the land act 1998 as land under four categories, of leasehold, freehold, customary, and mailo land. Leasehold involves occupying land for a specified period of time; freehold is land occupied freely with a freehold title, customary is a system of land ownership regulated by indigenous customary rules in a specific area, while mailo land is a system of owning registered land having roots in the allotments of the 1900 Uganda agreement.

According to the District survey report 2001, the average land ownership in Luwero is 1-3 acres. And the average household acreage has been on the decrease due to population increase.

Land is the most valued asset in Luwero it is used for both crop and animal production and based on the table 7 below it is visible that a total of about 26% of household have no land/ lack land

**Table 6: Percentage distribution of households by land ownerships**

|       | No land | <1Acre | 1.0-2.9<br>Acres | 3.0- 4.9<br>Acres | 5.0 – 9.9<br>Acres | 10+ Acres |
|-------|---------|--------|------------------|-------------------|--------------------|-----------|
| Rural | 25      | 15     | 29               | 17                | 9                  | 6         |
| Urban | 46      | 21     | 14               | 6                 | 5                  | 9         |
| Total | 26      | 15     | 28               | 16                | 9                  | 6         |

Source: Uganda Bureau of Statistics 2001 social economic conditions of Luwero.

The above information clearly shows that the urban population has a higher population without land of 46%. This is attributed to Rural Urban migrations that lead to people seeking better opportunities in the urban areas. 25% households in the rural areas do not have land. These are probably the most poor and vulnerable of whom the project will exclude based on lack of land and already existing coffee farmers. The

exclusion in project activities will in turn lead to the project excluding many of the poor who would have needed the programmes most.

The study further reports that: of the 9,205 square kilometers occupied by the district, 3% is water, 2331 square kilometers is farming land and the population density of Luwero is 65. The acreage of coffee in Luwero is reported to be about 1.6.

Plan Uganda social economic survey states that of the households in the Project Area, 70% own customary land, 17% free hold and about two percent leasehold. The report further reveals that the number of households with more than one acre of coffee plantations was found to be 19.9% of those who grow coffee and those with banana plantations were 63%. For this reason Plan Uganda assumes there is still more land available to grow coffee as coffee and bananas are able to be intercropped. With reference to the table 8 below

**Table 7: Acreage under agricultural production.**

| Land use                                | Sample size (n) = 400 |     |                    |                    |                 |
|---|-----------------------|-----|--------------------|--------------------|-----------------|
|   | HHs                   |     | Minimum<br>acreage | Maximum<br>acreage | Average acreage |
|   | No.                   | %   |                    |                    |                 |
| Area under food crops                   | 400                   | 100 | 0.10               | 10.00              | 1.60            |
| Area under cash<br>crops/planted forest | 400                   | 100 | 0.00               | 7.00               | 0.65            |
| Area under livestock                    | 400                   | 100 | 0.00               | 4.00               | 0.80            |
| Area not in use                         | 400                   | 100 | 0.00               | 19.00              | 2.60            |
| Total                                   | 400                   | 100 | 0.10               | 33.00              | 4.5             |

Source: Social Economic Report Plan Uganda

The maximum acreage of food crops is higher than that of cash crops and planted crops as shown in the table. This implies that more land is allocated to the food crops than cash crops which could be as a result of price of the food crops on the market that lead to more demand for production.. And looking further at the table 9 below:



**Table 8: Acreage of coffee and banana plantations.**

| Acreage           | Coffee        |                              | Banana        |                              |
|-------------------|---------------|------------------------------|---------------|------------------------------|
|                   | Number of HHs | Percentage %age of total HHs | Number of HHs | Percentage %age of total HHs |
| Less than 1 acres | 320           | 80.00                        | 148           | 37.00                        |
| 1-2 Acres         | 40            | 10.00                        | 210           | 52.50                        |
| 3-5 Acres         | 30            | 7.50                         | 30            | 7.50                         |
| More than 5 Acres | 10            | 2.50                         | 12            | 3.00                         |
| Total             | 400           | 100.00                       | 400           | 100.00                       |

Source: Social Economic Report Plan Uganda

Out of the 400 households interviewed that grow both coffee and bananas, about 80% of them had less than one acre of coffee land and more than 50% owned 1 to 2 acres of banana plantation. This shows showing that bananas were more valued in the area. Coffee was not the main crop for the farmers which could have been attributed to the price fluctuations that have lead to more land being allocated to the bananas than to coffee.

From the above,. The study found that the land ownership of Luwero was still a problem for the poor as 26% was still landless, and thus couldn't plant clonal coffee yet they could be the vulnerable households that the project was interested in raising incomes for.

The study further found that although land accessibility may be a problem especially in the planting of Clonal coffee, The project was basing it self on the fact that coffee can be easily intercropped with bananas and given the 63% of land under banana plantation, coffee had a high chance of being grown without disrupting the need for more land. Here it is visible that the project assumed that the farmers would switch easily to coffee within the banana plantations. This assumption by the project did not consider that the bananas could have actually been a switch from coffee when the prices began fluctuating and that based on the farmers experiences of fluctuations switching back to better varieties may not be easy for them when they see the prices of coffee still at a not reasonable level compared to the input of labour and time and

yet bananas would require less labour and shorter harvesting periods hence quick money when brought to the market.

It is clear that even if the project tried to assess the land scarcity by assuming switching and intercropping was a possibility, there is high probability that these plantations are not owned by the entire households and if there is a difference in ownership, then the assumption above will not hold as in most cases land and plantations under male headed households is usually the property of the man so this may not actually benefit the women and children. In addition, the poor households that do not own land at all were limited and excluded as the project aimed at coffee farmers.

Based on the above, the project approaches needed to be more explicit in handling the land availability issue if the needs of the poor were to be met successfully in order to fit their strategies that are still evidenced by more land being allocated to Banana plantations.

#### **4.4 Accessibility of Human Capital**

In order to be able to successfully plant Clonal Coffee, households must have available labour. Poor farmers may not be able due to other factors like age, health, dependency ratio affecting the availability of Labour.

From the above it is important to establish the costs involved in establishing one hectare of coffee. This can be seen in the summary table 10 adapted from the ICO-Uganda Coffee Profile.

**Table 9: Cost of Establishment for One Hectare of Coffee**

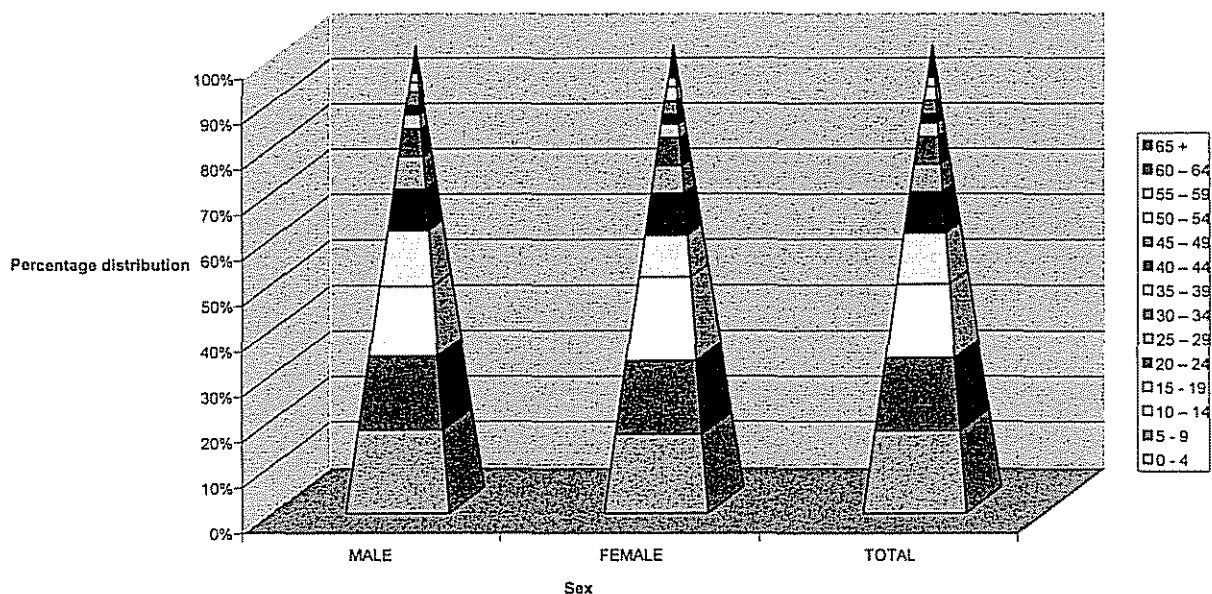
| Activity   | Clonal Robusta Coffee | Clonal Robusta Costs(Ush) |
|--|-----------------------|---------------------------|
| Land Clearance   | 60 man – days         | 60,000                    |
| Hole Digging Preparation and planting                              | 40man – days          | 40,000                    |
| Maintenance Training, weeding, pruning, desuckering, manuring, etc | 280 man- days         | 280,000                   |
| Coffee husks Mulch/manure  | 2 lorries             | 200,000                   |
| Herbicides   | 1 lorry               | 100,000                   |
|  | 10 liters             | 150,000                   |
| Tools depreciation   |                       | 75,000                    |
| Total  |                       | 905,000                   |

Note. 1US \$ is equivalent to 1,500 Ugandan Shillings

The above table 10 shows how much time and manpower would be required to plant the clonal coffee in value times. It is clear that the amount required would be much more than what the poor can afford.

The age structures of the 2001 social economic report reveal that an average of about 51% of people in the population is below 15 year. This is shown in the figure 9 below. This population structure combined with those above 64 years would constitute the dependants populations. Luwero as it stands out from the table has a high dependency ratio. Clonal coffee would need more than 480 man days of labour if it is to be established. The percentage of age below 15 years means that there would be limited labour available given the fact most of the population below 15 would be going to school and only available during holidays as will be explained further in the section of education.

**Figure 7: Average Distribution of Households By Age Group and Sex**



Source, UBOS (2001)

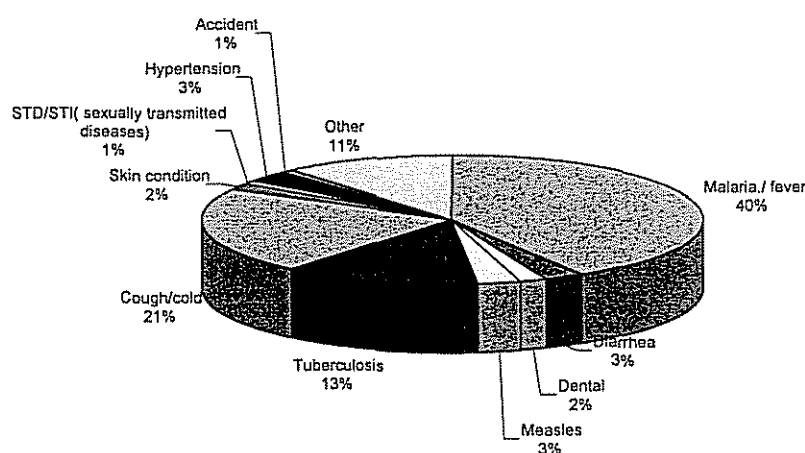
figure 9 above, shows the biggest number of population in Luwero are below 15 years hence indicating the number of possible dependants if coupled with those above 64 years.

According to the Plan Uganda social economic survey, the issue of age structure, the results are fairly similar like those in the figure above for the project area hence revealing the same dependence ratios and likeliness of child labour.

Uganda is among the poorest countries with a heavy resultant disease burden of preventable infectious diseases and trying to contend with the emerging incidence of non communicable diseases. The country too has to come to terms with the HIV/AIDS pandemic which hit it in the last two decades leaving orphans and more dependents. This affects the Labour force in the households less people are usually available to do the work when others are sick. (Uganda Bureau of Statistics, 2001:20)

From the results in the District social economic survey, 2001, malaria had been identified as the major sickness in the District. The burden caused by malaria accounted for 48% of the population in Luwero during a period of 30 days prior to the survey. This was followed up by cough and cold with 25%. Other categories included diseases like, diabetes, ear and eye diseases as shown in the figure 10 below.

**Figure 8: Percentage Distribution of Population and Type of Sickness in Luwero District**



Source: UBOS (2001)

There are serious health problems in Luwero as shown in figure 10 above. In addition, the HIV infected cases are standing at 1894 cases in Luwero (Ministry of Health statistics). The Greve (September 2004) acknowledges the fact that the HIV/AIDS

pandemic remains one of the biggest obstacles in reaching poverty reduction targets and development goals in Uganda. The communities the Project deals with often have high HIV/AIDS prevalence rates; they are characterized by a lack of a physically healthy labour force. The same report highlighted the aspects that may need attention with regard to HIV/AIDS: the development of interventions that directly targeted affected families and the importance of nutrition for people living with HIV/AIDS (PLWHAs). However, the same report did not go into details of the kind of interventions they would follow on the issues of HIV/AIDS (PLWHAs).

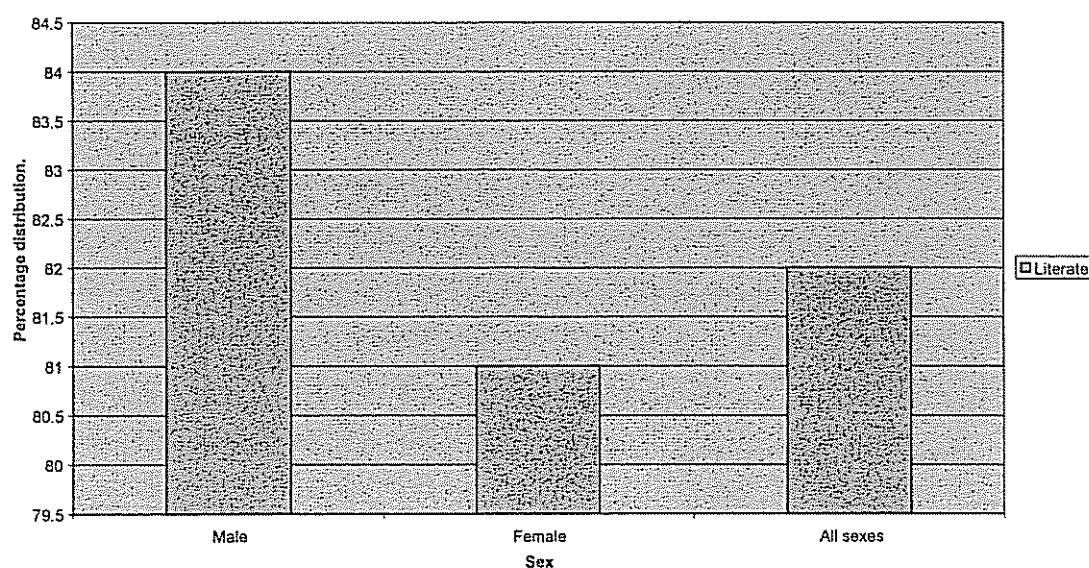
Aside from the other health factors affecting the labour force, the Project has been able to offer training and facilitation in early child hood care, development and school outreach programmes. Here training was done in agriculture, child nutrition and care, poultry, livestock management, horticulture. The community was also trained in safe motherhood, and a nutritional net work was formed with other non-governmental organizations. This intervention led to 654 participants (428 women, 226 men) being trained in improved knowledge and skills in general child nutrition to enable them to provide adequate nutrition and child care to the young ones. 120 community nutritional trainers were identified and trained in different aspects of nutrition so that they can train and give support to their surrounding communities in addressing the nutritional needs of children and their families. All these trainings were done because improving food and nutritional security for the children is one of major aims of the project. Here a total of 8 communities benefited by January 2005 they were 654 persons composed of 428 women and 226 men.

### **Education**

Education is very important in the success of poor farmers with regard to sustainable learning skills and using new technologies to improve on their income generation like growing clonal coffees that were introduced by Plan Uganda. For the last five years Uganda has made progress in educating the people. There has been an increase in enrollment at all levels and this has been enabled by the government sector programmes namely Universal Primary Education (UPE), Teacher Development Management Systems (TDMS) and School Facilities Grant (SGF).

With specific reference to literacy levels that were defined as the ability to read with understanding and write meaningfully in any language, the Luwero Social Economic survey report, 2001 reveals that the literacy levels of Luwero are approximately 82% based on the fact that Uganda government assumes one to have acquired literacy after completing three grades of formal primary education and the normal age of attaining these grades is 6 – 9 years as some begin school when they are older .The computation of the literacy rates took into consideration the age difference by considering the persons of age 10 and above to follow the international convention. See the figure below

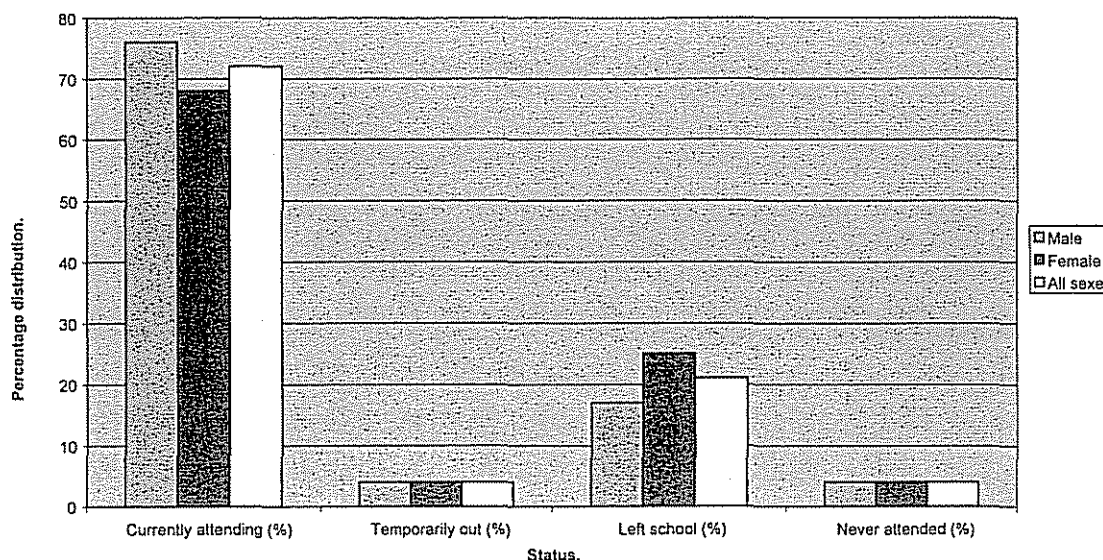
**Figure 9: Percentage Distribution of Population Aged 10 Years and Above By Literacy and Sex**



Source: UBOS (2001)

The figure above shows that the male recorded a high literacy rate than the females in Luwero District. This was attributed to the attitudes of parents in their preference to favor the boys more than the girls when paying the school fees and providing other necessities needed in school. The figure 4.4 below shows the current schooling status of Luwero District

**Figure 10: Percentage Distributions of Persons 6-24years by Current Schooling Status and Sex**



Source: UBOS(2001)

Looking at the number of students that leave school without completing the females are higher with a percentage of 25 compared to the 17% of males this is usually due to a number of reasons that include marriages, less attachment to girl education by culture.

According to the Plan Uganda Social Economic survey, the study revealed that the majority of household members in the project area had completed primary level of education (1- 7). And in this literate category 71% were males and 60% females. Based on these factors, Plan realized that family labour would most be abundant in January, May, August and December when children are on school vacation. Hired labour is generally available throughout the year for those who can afford it.

Currently, according to the project Report (Jan-Dec 2004) and that of (Jan-Sept 2005), Plan Uganda has implemented educational and training programs in areas of Coffee quality improvement.

By using the community-based extension approach the new farmer promoters' help in dissemination of coffee agronomy, post-harvest handling techniques, marketing information and effective quality control measures among the project participants.

Farmers have received extensive training in soil management and composting, general farm management, pruning with the new pruning saws that had been recently distributed, and on the concept and benefits of grouping.

10 communities in addition to 8 have been so far been mobilised and sensitised about the project structure, management, documentation and objectives within 2004 and 2005. This has been done jointly by Plan staff and Ibero (U) Ltd., which is the implementing partner for the coffee quality improvement component in the Project.

In addition by September 2005 , all of the participating farmers had signed the agreement with Ibero. That stipulates all the farm conditions of the participating farmers. For example, production conditions, the number of workers on the farm, the number of children in family and whether they work on the coffee *shambas* (farms).

40 demonstration plots have been established for the new promoters. On every demonstration plot a composting pit has been dug farmers are being trained in composting.

Another mode of training by Plan Uganda has been in integrated natural resource management, where Plan in partnership with Joint Energy and Environment Projects (JEEP), exposed participants to positive environmental conservation practices (planting trees, raising nurseries, establishing woodlots for firewood provision of seedlings for nursery establishment) and construction of improved energy-saving stoves. These practices and the construction of energy saving stoves would enable lessen the burden of household activities that include spending a lot of time fetching firewood. This in turn would increase on the amount of available time a farmer may have to give to clonal coffee growing.

The Project has trained in early childhood care and development, school out reach programs. Here the participating communities were trained in different aspects of agriculture, including horticulture, piggery, poultry, and livestock management. For child nutrition, 654 participants were trained in improved knowledge and skills in general child nutrition to enable them to provide adequate nutrition and child care to the young ones. This kind of training would enable improve the health status of the



households through nutrition thus promoting a healthy labour force to manage the new clonal coffee sustain ably.

Based on the results above, the study found that the availability of labour was not clearly handled by the project given the fact that poor farmers may be affected by the age of the household members that would limit the availability of labour. In addition, more than half of the population in Luwero were below the age of 15 and combining it with those above 64 years gives evidence for the dependent population in Luwero District. This not only impacts on the resources of the household but also on the reduction in the amount of labour force available for work on the plantations. This could lead to encroachment on children rights as child labour would most likely be encouraged when demand for labour arises.

On the health side, the study revealed serious health problems as malaria was the leading recurrent disease in Luwero District cough and flu followed. The HIV/Aids which is a sexually Transmitted disease has not only hit the country today but also left orphans including the district of Luwero hence increasing the dependence ratio. These diseases at anyone time are reducing the available labour and also demanding the use of the little incomes already earned to be used for treatments.

Plan Uganda successfully run trainings on child nutrition and directly involved families with people living with HIV/Aids (PLWHAs). In addition, the introduction of the livestock was to supplement the nutrition of these farmers. This was done in line with improving the weak labour force already in the area. The number of women who benefited was greater than the men which were expected given the fact that women are the ones who take care of the children at home.

Aside from age and health above, a total of 82% of the people in Luwero were literate which was a positive sign because education smoothens the understanding capacity of the farmers the difference in men and woman who are literate was not so big although that of females dropping out due to a number of reasons was quite big thus increasing chances of the illiterate increasing with time.

Based on the approach Plan Uganda took, it endeavoured to implement training and education programs in Coffee quality improvement, integrated natural resource

management, early childhood care and development, school out reach programs. These were in line with improving the health, education levels of the farming families.

The differences in household activities were not clearly taken care of by the project. This is seen in most training shown above that more women than men were involved. This did not specify how much time was needed to be involved in the various activities seen above. The time factor is important as most unproductive work back in homes is done by the ladies and girl children hence creating conflict between the duties that these women and children have and the activities to be involved in especially the training activities. This is important as the activities are as important to the participants as much as the work needed to be accomplished at home is.

#### **4.5 Accessibility of Physical capital**

Based on the framework in chapter two, It was seen as necessary to assess the different components of infrastructure that are essential to livelihoods like affordable transport, secure shelter and building, adequate water supply and sanitation, clean affordable energy and access to information (communication).

From the literature available, Plan Uganda's social economic survey (2001), Physical access to the local markets is generally easy for about 70% of the Households since they are located in a distance of less than 2 km from the market by murram roads. Less than 15% of the communities access the markets through the tarmac road, which runs from Kampala city to Northern Uganda.

With regard to secure shelter and buildings, the District Social Economic Survey (2001) table 11 shows the following distribution of households by type of tenure and in Luwero District

**Table 10: Households by type of tenure and in Luwero District**

| Tenure              | Households | %   |
|---------------------|------------|-----|
| Owens the dwelling  | 82,457     | 78  |
| Rents the dwelling  | 16,607     | 16  |
| Uses without paying | 7,282      | 7   |
| Total               | 106,346    | 100 |

Source: UBOS (2001)

Based on the table 11 above it is clear that the majority of the households own there own dwellings in Luwero District this ensures security of shelter to the majority for those who don't own have an opportunity to rent and only 7% use premises without paying.

From the same report, we see the type of roofing distribution by Rural – Urban distribution in the table 12 below.

**Table 11: Type of roofing distribution by Rural – Urban distribution.**

| Roofing Materials | Rural % | Urban % |
|-------------------|---------|---------|
| Thatch            | 24      | 1       |
| Iron sheets       | 75      | 99      |
| Roofing tiles     | 4       | 0       |
| Other             | 0       | 0       |
| Total             | 100     | 100     |

Source: UBOS (2000, 2001)

From the table 12 above it is visible the majority of the rural people (75%) use iron sheets for roofing which is secure shelter as expected , the urban had very low percentage of thatched housing.

The Plan Social Economic survey (2004) shows that iron sheets are still the most used type of roofing and from its result it is visible that few people from the sample are using tiles for roofing as these are expensive materials for the rural people. The use of mud and wattle is still the most common mode of walls used as bricks are usually very expensive to acquire in spite of the resources like the soil/ mud being available.

The type of shelter is important as it tells how many households are really poor hence may not be able to even afford growing coffee, worse still they may be excluded from the beneficiaries of the programme. This is shown in the table 13 below

**Table 12: Distribution of Households by type of Housing**

| Roofing material | Hhh number | %          |
|------------------|------------|------------|
| Grass thatched   | 60         | 15         |
| Iron sheets      | 328        | 82         |
| Tiles            | 8          | 2          |
| Other            | 4          | 1          |
| <b>Total</b>     | <b>400</b> | <b>100</b> |
| Housing Wall     |            |            |
| Burnt Bricks     | 168        | 42         |
| Mud and wattle   | 212        | 53         |
| Unburnt bricks   | 20         | 5          |
| <b>Total</b>     | <b>400</b> | <b>100</b> |

Source: Plan Uganda Social Economic Report (2004)

According to the same report mentioned above the ownership of assets is as shown in the table 14 below and here, bicycles are the most owned assets in the area by 90% household this shows that the mode of transport has been made easier for these peasants. Secondary in relation to information and communication, about 75% and 17% own radios and televisions respectively hence having access to information and communication with the outside world being made easier. These assets for communication facilitate these farmers learn more skills and up to date technologies to be applied in their activities.

**Table 13: Distribution of HHs by ownership of HH assets**

| HH item    | Number of HHs | %  |
|------------|---------------|----|
| Motorcycle | 92            | 23 |
| Bicycle    | 360           | 90 |
| Television | 68            | 17 |
| Radio      | 300           | 75 |

Source: Plan Uganda Social Economic Report (2004)

On access to safe drinking water, has also been shown by Plan Uganda's Social economic survey as the table below presents. Here, 70% of the households that access drinking water get it from un protected wells

**Table 14: Sources of water for drinking**

| Type of water source | Number of HHs | % of HHs   |
|----------------------|---------------|------------|
| Protected well       | 92            | 23         |
| Un-protected well    | 280           | 70         |
| Other                | 28            | 7          |
| <b>Total</b>         | <b>400</b>    | <b>100</b> |

Source: Plan Uganda Social Economic Report (2004)

Plan Uganda in its first and second phase in the area managed to have 24 boreholes constructed and maintained in the supported communities (Plan, final proposal, 2005). Within the past year, the farmer promoters have been supported with bicycles, stationery, and boots to deliver the services efficiently (Plan Jan- Dec 2004)

The above findings show that the physical capital that included infrastructure like roads, secure shelter, clean water accessibility and communications were fairly accessed and the majority of the households had iron roofs clean drinking water from unprotected wells and owned the most crucial assets that facilitated movements and communication. On top of the secure infrastructure and shelters, the project endeavoured to lessen the difficulties involved in facilitating the program by availing the farmer promoters with bicycles and necessary gadgets to be able to deliver this was in response to the needs that could have otherwise failed coffee growing.

#### **4.6 Accessibility of Social capital**

The social structure of the community is important if adaptation of innovations is to be a success. Based on the framework in chapter two the following findings in relation to accessibility of social capital have been identified.

From Plan Uganda's social economic Survey, membership to registered organisations was not specified, it was reported by only 15% of the Households therefore probably not the poor. The most common activity of groups was agriculture and the main perceived benefits from group membership was shared knowledge and skills; and mutual assistance. Mutual assistance was the most important outcome of the groups, either for their own members or for vulnerable persons in the community. Women were found to be the most active members though some groups have membership from both sexes. The same report also highlights other organisations that are participating in developmental programmes in Luwero. These organisations could

play a big part in influencing the strategies set up by the farmers and the results of which could be either positive or negative. The same organisations impart agricultural knowledge that would either be similar to the one Plan Uganda offers or one that might conflict with promotion of clonal coffee i.e it could promote other easy to grow crops. These are summarised in the table 16 below.

**Table 15: NGOs, CBO's and Other Service Providers**

| ORGANISATION                          | ACTIVITIES  |
|---------------------------------------|---|
| BUCADEF                               | Imparts agricultural Knowledge  |
| NAARO                                 | Imparts agricultural Knowledge  |
| SASAKAWA GLOBAL 2000                  | Imparts agricultural Knowledge  |
| Micro-Credit Development Trust (MCDT) | Provides loans  |
| ADRA                                  | Adult literacy  |
| WEKEMBE                               | Imparts agricultural Knowledge  |
| VEDCO                                 | Imparts agricultural Knowledge  |
| Plan                                  | Multi-purpose; Agricultural knowledge, Health, Education, Water etc         |
| FINCA                                 | Loans to women  |
| NAADS                                 | Imparts agricultural Knowledge  |
| ICEA                                  | Concerned with the holistic well-being of People Living With HIV/AIDS       |
| IBERO                                 | Imparts agricultural knowledge on coffee quality improvement                |
| JEEP                                  | Impart knowledge on environmental protection and energy saving technologies |

Source : Plan Uganda(2002)

According to the Plan Jan – Dec 2004 report, 41 farmer groups (produce groups) have been formed and trained on proper group management. They will soon elect leaders of the group. This helps reduce conflict within the members and also different skills and knowledge is learnt better through group sharing. In addition, exchange visits were conducted to benefit the best 28 Training of Trainers and 3 Plan staff to share and learn first hand experiences of others environmental management activities going on in the country.

The study lacked enough literature in terms of social capital to draw conclusions. However, Plan Uganda helped in organizing these farmers into groups that enabled them gain shared knowledge and skills. Detailed information on the number of non governmental organizations operating in this area was not available. Secondly the exchange visits facilitated in enhancing the knowledge and skills of these farmers by introducing them to different environments were by this helps encourage them not to feel like they have been excluded in development activities.

Based on the above, the study revealed that there were adequate “all weather roads” available for the community of Luwero. In addition the exchange visits and group formations, training and facilitations were formulated which would help build up strong social groups that would help the vulnerable not feel like they have been left out or excluded in developmental activities

### **Transforming Processes**

The need of market availability for the coffee produced by the farming families who in this study are vulnerable and poor was highlighted in chapter 2 and based on this the findings in Plan are that the project has endeavoured to provide the market for all the coffee that was produced by the 1058 selected households. This was done in coordination with Ibero (U) that bought all coffee from the 1,058 farmers under the project at a relatively higher price than the market was offering. The premium price motivated the farmers. However, the price difference does not offset costs of additional labour involved in improving the coffee quality. All 1,058 farmers received drying materials to assist them in improving the coffee quality.

The above chapter was able to inform the divergence of farmer strategies in terms of allocating more time and resources to other food crops like bananas even when Plan Uganda was implementing the coffee varieties and supplying initial seed input to the farmers. It further found out that farmers were allocating more land to banana plantations instead of coffee and the landless population was not put into consideration as the project assumed land to be available based on the possible intercropping of banana and coffee. The health and education requirements for an effective labour force were properly handled by Plan Uganda inline with the current poor health status in the district. However, the age and labour availability was not discussed at all hence evidence is limited to the coping strategies employed to deal with the age differences. The physical capital was fairly addressed and the needs of the poor were clearly looked at by the project. social capital was not easily assessed due to limited data on other organizations operating in the area.





## **CHAPTER FIVE: SUMMARY AND CONCLUSIONS**

### **Conclusions**

The study focused on assessing the fit between the approach of Plan Uganda project and the farmer strategies in reaction to the fall in incomes as a result of fluctuating coffee prices.

In this study, the livelihood framework was used to assess the historical and institutional context of the farmers in Luwero District. The results showed that farmers were actually allocating more resources in terms of land and other inputs to food crops like bananas. This study further found that Plan Uganda had implemented activities that promoted a number of strategies of the poor. These activities among others were in various areas of coffee quality improvement, integrated natural resource management, school outreach programs, and early childhood care and development. These encouraged better education, good health and food security. The Plan Uganda project however, did not exhaust challenges with respect to gender analysis and inter household differences.

The study however, had some missing information particularly in the area of farmer strategies. It was not able to determine whether other crops like bananas were cultivated on either a large scale or small scale for purposes of cash or domestic consumption. In addition the study never found the relative prices of coffee or bananas and the wage labour possibilities of off farm labour were not also known.

Conclusive judgments on the fit between Plan Uganda's approaches and farmer strategies could not easily be established as no sufficient data could indicate sustainability of the project after five years.

Based on the findings and conclusions above, there is no doubt that the introduction of Clonal coffee by Plan Uganda to the households of Luwero was a good intervention. However, issues on gender and household differences should be properly addressed.

Since coffee is still the main cash crop of Uganda and a major source of income for the poor households, Plan Uganda needs to link up with other stakeholders to develop

strong farmer associations that can enable the delivery of services and capital to coffee farmers.

Incentives to produce quality products in local markets are low thus the research recommends that a private- voluntary auction for the coffee produced in Uganda is created. This will enable the responsible sectors to put in place the vehicles that would provide the price quality link and give associations a platform from which they can sell their quality coffee at a premium price. This will further strengthen the stability of incomes for the poor households at more sustainable level.

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## APPENDIX A

**Table showing coffee production in Uganda, 1961- 1994**

| year | '000 M.T | year | '000 M.T |
|------|----------|------|----------|
| 1961 | 91.2     | 1984 | 166.6    |
| 1962 | 117.0    | 1985 | 157.4    |
| 1963 | 156.0    | 1986 | 138.7    |
| 1964 | 169.0    | 1987 | 155.0    |
| 1965 | 150.0    | 1988 | 143.0    |
| 1966 | 152.0    | 1989 | 133.0    |
| 1967 | 161.0    | 1990 | 131.7    |
| 1968 | 165.0    | 1991 | 128.7    |
| 1969 | 232.5    | 1992 | 147.4    |
| 1970 | 201.5    | 1993 | 110.3    |
| 1971 | 175.5    | 1994 | 144.6    |
| 1972 | 183.7    | 1995 | 198.3    |
| 1973 | 215.7    | 1996 | 288.5    |
| 1974 | 198.6    | 1997 | 210.1    |
| 1975 | 198.5    | 1998 | 197.1    |
| 1976 | 137.9    | 1999 | 230.4    |
| 1977 | 155.9    | 2000 | 142.5    |
| 1978 | 121.2    | 2001 | nd*      |
| 1979 | 103.1    | 2002 | 201.2    |
| 1980 | 135.2    |      |          |
| 1981 | 97.0     |      |          |
| 1982 | 166.6    |      |          |
| 1983 | 97.0     |      |          |

Source: Backgrounds to the budget. Various issues

**Table: showing coffee exports from 1984/85 – 2003/2004 in thousand tonnes.**

| Coffee year | Total exported coffee |
|-------------|-----------------------|
| 2003/04     | 152                   |
| 2002/03     | 160                   |
| 2001/02     | 189                   |
| 2000/01     | 184                   |
| 1999/00     | 175                   |
| 1998/99     | 219                   |
| 1997/98     | 182                   |
| 1996/97     | 254                   |
| 1995/96     | 249                   |
| 1994/95     | 168                   |
| 1993/94     | 180                   |
| 1992/93     | 125                   |
| 1991/92     | 122                   |
| 1990/91     | 125                   |
| 1989/90     | 142                   |
| 1988/89     | 187                   |
| 1987/88     | 139                   |
| 1986/87     | 137                   |
| 1985/86     | 144                   |
| 1984/85     | 150                   |

Source: UCDA Annual Report, 2003



**TABLE: FARMERS' PERCENTAGE SHARE OF FOR/T KAMPALA PRICE**

| COFFEE YEAR | Average Price in Shs/Kilo |         | % -Age Share |
|-------------|---------------------------|---------|--------------|
|             | F.A.Q                     | SC.1500 |              |
| 1991/92     | 420                       | 927     | 45           |
| 1992/93     | 568                       | 1,092   | 52           |
| 1993/94     | 1,292                     | 1,684   | 77           |
| 1994/95     | 1,685                     | 2,343   | 72           |
| 1995/96     | 1,254                     | 1,606   | 78           |
| 1996/97     | 1,146                     | 1,480   | 77           |
| 1997/98     | 1,430                     | 1,900   | 75           |
| 1998/99     | 1,433                     | 1,899   | 75           |
| 1999/00     | 1,100                     | 1,580   | 70           |
| 2000/01     | 700                       | 997     | 70           |
| 2001/02     | 520                       | 778     | 67           |
| 2002/03     | 1,080                     | 1,386   | 78           |

Source: UCDA,2002-2003

#### Average distribution of households by age group and sex

| AGE GROUP | MALE | FEMALE | TOTAL |
|-----------|------|--------|-------|
|           | %    | %      | %     |
| 0 - 4     | 18   | 17     | 18    |
| 5 - 9     | 16   | 16     | 16    |
| 10 - 14   | 15   | 18     | 16    |
| 15 - 19   | 12   | 9      | 11    |
| 20 - 24   | 9    | 9      | 9     |
| 25 - 29   | 7    | 6      | 6     |
| 30 - 34   | 6    | 6      | 6     |
| 35 - 39   | 3    | 3      | 3     |
| 40 - 44   | 2    | 2      | 2     |
| 45 - 49   | 3    | 3      | 3     |
| 50 - 54   | 2    | 3      | 3     |
| 55 - 59   | 2    | 2      | 2     |
| 60 - 64   | 1    | 2      | 2     |
| 65 +      | 5    | 5      | 5     |
| Total     | 100  | 100    | 100   |

The % may not add up to 100 as a result of rounding off errors

**Table showing percentage distribution of the population by type of sickness in Luwero District**

| Type of sickness                        | Percentage |
|---|------------|
| Malaria./ fever                         | 48         |
| Diarrhea                                | 3          |
| Dental                                  | 2          |
| Measles                                 | 3          |
| Tuberculosis                            | 15         |
| Cough/cold                              | 25         |
| Skin condition                          | 2          |
| STD/STI( sexually transmitted diseases) | 1          |
| Hypertension                            | 3          |
| Accident                                | 1          |
| Other                                   | 13         |
|   |            |

Source: Uganda bureau of Statistics: social economic survey of Luwero 2001

**Percentage Distribution of Population Aged 10Years And Above by Literacy and Sex**

| Sex       | Literate | illiterate | Total |
|-----------|----------|------------|-------|
| Male      | 84       | 16         | 100   |
| Female    | 81       | 19         | 100   |
| All sexes | 82       | 18         | 100   |

Source: Uganda bureau of Statistics: social economic survey of Luwero 2001

**Percentage Distribution of Persons 6-24 Years. By current schooling status, sex**

|           | Currently attending (%) | Temporarily out (%) | Left school (%) | Never attended (%) | Total (%) |
|-----------|-------------------------|---------------------|-----------------|--------------------|-----------|
| Male      | 76                      | 4                   | 17              | 4                  | 100       |
| Female    | 68                      | 4                   | 25              | 4                  | 100       |
| All sexes | 72                      | 4                   | 21              | 4                  | 100       |

Percentages may not necessarily total to 100 due to rounding off errors.