



## NTF II Uganda project impact evaluation:

### Could we reveal impact 3 years after project completion?

1. The 2016 **Outcome and Impact Evaluation** of the Netherlands Trust Fund Programme – Phase II (2009-2013, NTF II) was designed to ascertain the impact and long-term results of NTF II projects in Bangladesh and Uganda and to provide recommendations for future operations. Due to the difference in the sectors of intervention in the two countries (i.e. IT/IT-enabled services in Bangladesh, coffee in Uganda), the evaluation was composed of two sub-evaluations: one on the outcomes in Bangladesh in the IT/ITES sector, and the other on impact in Uganda in the coffee sector. This issue of Evaluation Communication Note is to convey the key learning messages generated from the impact evaluation of the Uganda project. A separate Communication Note (Issue 02-2017) is to present the learning from the Bangladesh project.
2. **The NTF II Uganda project** was supporting coffee export. It aimed at better connecting small coffee farmers to the international coffee value chain, through improving Ugandan coffee production to a critical level in both quantity and quality. The project reinforced the collective marketing operated by the Uganda National Union of Coffee Agribusinesses and Farm Enterprises (NUCAFE), a coordination body of coffee farmers' associations. The main result chain was that the project provided capacity building support to NUCAFE on enhanced service to coffee farmers, so that small farmers — as coffee producers and exporters — could sell in bulk good quality coffee beans through NUCAFE to the European markets. Another result chain was in policy advocacy.
3. **Impact 1. Increased sales of coffee farmers.** The evaluation revealed that the impact generated on the coffee sector in Uganda was significant. At the coffee-producer level, increased coffee yields, price and household incomes are evident today, three years after project completion. It should be noted that NTF III (2013-2016) was still working on the coffee sector in Uganda, which sustained some of the NTF II results.
4. The impact survey sampled 398 coffee households, with stratified randomization method, across all the four coffee growing regions including Central, South Western, West Nile and Eastern Uganda, and found that each beneficiary farming household has earned an average of USD 1,808 per year from coffee sales in the period 2011-2015, compared to an average of USD 683 by non-beneficiary farmers.
5. The better income for beneficiaries was attributed to upgraded farming practices, enhanced coffee quality, collective marketing through NUCAFE and higher prices. Beneficiary farmers received relatively higher prices of coffee sales for both processed and unprocessed coffee beans, compared to non-beneficiary farmers. Based on the impact survey, the average price premium to farmers was USD 397 per ton in 2015.
6. This achievement in coffee-generated incomes has happened in a challenging situation, as many Ugandan farmers lost coffee plants to the coffee wilt disease in recent years. There have been national replanting programmes financed by the Government to all coffee farmers. Whereas coffee plants take three years to be productive, without an increase in productivity and price, household incomes would have been dropping in this situation.
7. **Impact 2. Sustained coffee export by TSI.** Another major impact is the increased exports from farmers. Coffee exports by NUCAFE, all supplied by coffee farmers' associations, have increased by 204 percent, from 190 tons in 2010 to 577 tons in 2015; in market value, from USD 0.30 million to USD 1.28 million.

8. The EU remains the main export destination of NUCAFE, and exports to EU have increased from 77 tons to 349 tons. This achievement was made in the context that global coffee exports increased about eight percent from 2011 to 2015. The increase in export volume is largely attributed to improved coffee quality (particularly related to training in 4C certification) and enhanced export marketing, such as outbound missions and participation in international coffee fora.
9. **Impact 3. A strong footprint in policymaking.** Under NTF II, a National Coffee Export Strategy was developed and launched. However, the strategy was not implemented in time. The turnaround happened three years after NTF II completion. In 2016 the Government endorsed a National Coffee Policy and National Coffee Development Strategy, which were prepared by the Uganda Coffee Development Authority (UCDA) based on the policy paper delivered by NTF II and advocated by UCDA and NUCAFE. The new strategy is now being earmarked by the Ministry of Finance, Planning and Economic Development with a concrete budget and supported with a strong political commitment.

### What good practices could be learned for future operations?

10. **Collective marketing in agribusiness development.** NUCAFE's collective marketing and farmers' ownership model is effective in benefiting smallholder farmers. NUCAFE transfers price premiums directly to farmers, which is actually one of the critical success factors in increasing household income of coffee producers. Before working with NUCAFE, farmers were selling through middlemen; now they sell in bulk through NUCAFE directly to foreign buyers at a premium price. In recent years, NUCAFE has secured new buyers, such as Café Riva-Italy, Caffè Bene-Korea, Africa agro produce-South Africa, etc.
11. Another benefit generated from collective marketing is the improved quality of coffee. Working with NUCAFE, more farmers are aware of coffee farming techniques and quality requirements for coffee beans, and the village coffee hubs set up by NUCAFE actually work as a first step quality assurance. This has enabled farmers to produce good quality coffee beans in bulk.
12. **Institutionalising M&E in the Coffee Sector.** Following the capacity building support under NTF II, UCDA and NUCAFE have gradually institutionalized a M&E function, dedicated to tracking the progress and results in coffee growing, product quality, and marketing. M&E units have been established within both agencies with full-time staff, work plans and budgets. The M&E capacity of NUCAFE is demonstrated in its constant use of M&E information for management decision and for advocating policy change, together with UCDA.
13. UCDA conducts regular monitoring visits to coffee growing areas, and submits monitoring reports for management decision and board discussions. The quality of reporting has improved with a marked shift from counting various activities to tracking outputs, outcomes and impact. The department where M&E is located in is now leading preparation of quality reports to the Office of the Prime Minister, the Ministry of Finance, Planning and Economic Development, and the Ministry of Agriculture Animal Industry and Fisheries. The coffee platform organised by UCDA shares updates and monitoring reports to the public sector, private sector, research and academia, civil society organisations and development partners. The contribution of NTF II to Uganda's coffee sector M&E is commendable.