

## **CLARIFICATION ON THE STATUS AND PROGRESS OF THE COFFEE INVESTMENT CONSORTIUM UGANDA'S (CICU) COFFEE VALUE ADDITION PROJECT**

**Kampala, 17th January 2024:-** Over the last couple of days, a mixture of outright falsehoods and selective facts have surfaced online regarding the Coffee Investment Consortium Uganda (CICU), our members and members of our Founding Council as well as the Coffee Value Addition Project being implemented through the Science, Technology and Innovation Secretariat at the Office of the President (STI-OP).

This deliberate misrepresentation has fueled further speculation and spinoffs in online and offline media, hence sparking off, unnecessary anxiety amongst our stakeholders in the coffee value chain, in government and especially the taxpayers who are the funders and intended beneficiaries of this project.

Well aware of the need to be transparent to our stakeholders, CICU would like to clarify on a number of issues that have since been raised by our stakeholders since the falsehoods and selective facts cropped up online.

### **1. Who is CICU?**

The Coffee Investment Consortium Uganda (CICU) is a registered Private Sector led Company Limited by guarantee, whose membership comprises of;

- i) Ordinary Members – CICU Founder Coffee Companies,*
- ii) Associate Members – CICU strategic partners, and;*
- iii) Affiliate Members – CICU beneficiaries, across the coffee Value Chain.*

CICU was initiated in 2021 over round table discussions, on how to improve coffee earnings for; Farmers, Processors, Traders and the nation at large.

- a. **CICU Vision:** A happy coffee farmer
- b. **CICU Mission:** Working hard to support the weak in the coffee value chain.

Membership to CICU is voluntary and members are united by the above shared vision and mission.

### **3. The Coffee Value Addition Project**

The project is a brainchild of a group of private companies in the Uganda coffee sector and is hosted by the Ministry of Science Technology & Innovation. Its major purpose is to promote exports of value-added coffee and coffee products such as roasted coffee and other coffee products and bi-products as a last-mile intervention. The project employs **ECO HUB** model built around a **TERTIARY HUB**— which is a central processing facility supplied by **SECONDARY HUBS** which aggregate coffee from **PRIMARY HUBS**, who collect the coffee from enterprise groups and farmers. The entire ecosystem is administered and monitored by the Coffee Investment Consortium Limited (CICU).

In this model, CICU's mandate is to standardise for quality input/output as well as ensure value addition and product optimisation. It is also mandated with demand creation through researching, identifying and developing in-demand and market-ready products. By developing an end-to-end solution, the project seeks to solve most of the challenges in the coffee value chain such as post-harvest handling, bean quality, unstable and poor prices, and market access, as well as ensure that much of the value is retained in the country.

This is in line with the national agenda as well as H.E President Yoweri Kaguta Museveni's message on value addition and commercial agriculture with *ekibaro (cura, aimar, otita)*.

#### 4. Understanding the Eco Hub System

- ① **Tertiary Hub:** In the Eco hub system that was adopted by the CICU, the Tertiary Hub provides the last mile evacuation point from all the coffee collected from the farmer. Many of the last-mile coffee development processes are done at the tertiary hub. These include but are not limited to; coffee roasting, grinding and packing as roast beans, roast and ground, instant coffee, coffee extraction, cold brew and many more.

The goal of CICU is to have 6 such facilities by 2030 all with a collective final product output of 54,000 MT of coffee.

- ① **Secondary Hub:** The secondary Hub provides the last mile process of handling of the green bean coffee. This includes green bean tasting, grading and packaging before being sent to the tertiary hub for final processing.

Currently, the CICU has 6 member companies in this segment, 5 of which have already benefitted from government grants and one member a support supplier. Each Secondary Hub is to have a minimum of 5 Primary Hubs affiliated to it and with a capacity to grade and store at least 1,000 MT of green coffee per annum.

The vision of the CICU is to have a secondary Hub in every coffee-producing region of the country by 2030.

This is because to produce the 54,000MT of roast coffee products, as much as 86,000MT of green beans shall be required.

- ① **Primary Hub:** The Primary Hub is a facility that handles primary or first-level processing of coffee to Fair Average Quality (FAQ). Currently, CICU has 30 Primary Hubs from which FAQ is sourced. Each Primary hub should have at least a capacity to handle 50-200MT of coffee annually with a subscriber base of 50 enterprise groups.

The Vision of the CICU is to have 1,000 Primary Hubs by 2030 with a capacity to mobilise 120,000MT of FAQ.

- ① **Enterprise Groups:** Enterprise groups are the first-level farmer aggregation, production and quality control unit in the Eco Hub system. These mobilize coffee farmers into peer groups to aggregate Kiboko coffee or parchment ready to hull at the Primary hub. These Groups normally compromise of at least 50 farmers with each farmer having at least 80 coffee trees. All these details build into the strategic intentions of the CICU.

#### 4. Project Implementation Status and Impact Stories

As seen in 3 above is a national medium to long-term project. It is equally resource-intensive. Like every deserving Ugandan project with dreams for their country, CICU pitched the project to a number of government stakeholders and culminating into a grant from the government of **Thirty-One Billion Four Hundred Fifty Million Uganda Shillings Only (UGX31,450,000,000)** equivalent to **USD8.5 million**.

This was received through the Science, Technology and Innovation Secretariat at the Office of the President (STI-OP) on 28th September 2023.

For emphasis, the grant was solely for a coffee value addition innovation project for CICU and its members only.

As such, the process of funds disbursement has started as shown below. Disbursement criteria is by and large in line with the role of the various entities in our ecohub model.

Table 1-1

	<b>HUB</b>	<b>Amount Allocated (USH '000)</b>	<b>Tranche One (USH '000)</b>	<b>Tranche Two (USH '000)</b>
1	Tertiary Hub – South Ankole Region	23,755,678	23,755,678	NIL
2	Secondary Hub – Central Region	2,494,000	1,247,000	1,247,000
3	Secondary Hub – Eastern Uganda	1,135,100	567,550	567,550
4	Secondary Hub – Greater Ankole	1,135,100	567,550	567,550
5	Secondary Hub – Kigezi Region	1,135,100	567,550	NIL
6	Secondary Hub – Rwenzori Region	259,000	129,500	129,500

*Disbursement of STI-OP Funds*

Through the grant intervention, the Uganda Coffee Ecosystem has been able to achieve the following:

- i. The development of the largest coffee value addition facility in Uganda situated in Ntungamo with a full capacity output of close to 10,000MT of roast and instant coffees*
- ii. Through the Eco Hub system, 5 Secondary Hubs have been boosted for production with 15 Primary Hubs also benefiting from the intervention, with a mobilization capacity of 20,000 MT of FAQ.*
- iii. The project is currently reaching y200 farmers in Kigezi, Mitooma, Rwenzori and Kween.*

Much as the funds were only received at the end of September 2023 work is in earnest and significant results have been reported across the chain in key areas such as crop

financing, coffee purchasing, post-harvesting handling equipment for transporting, drying, washing, processing and roasting.

Some of the beneficiary testimonies and impact stories can be accessed via this link: <https://youtu.be/DBeinoPry8o?si=NeNyz9l6kZiIQryu>

## 5. Project Implementation and Beneficiary Status of the Tertiary Hub

Since most of the misinformation campaign has been levelled at our tertiary hub and to one of our , Mr Nelson Tugume, who is also one of the Founding Governing Council Members, CICU has found it necessary to provide more detail and context on the nature and scope of its grant allocation.

The tertiary hub received its block allocation in one go to set up a modern precision technology on soluble coffee plant (both freeze & spray dry), developing all-inclusive of roads, warehousing and equipment for fresh roasts, capsules, drip coffee, water treatment and fresh roast packaging lines. Whereas the secondary hubs received theirs in two tranches with the first tranche going to trade preparedness (Infrastructure & Utility development but exclusive of construction) and the second to green bean aggregation through the ECO hub system.

The rest of the fund was retained for operations, research & development and marketing to find an exit route of trade for its value-added products. Fundraising efforts continue from the government and other like-minded partners.

The block allocation to Inspire Africa (The Tertiary Hub), has to date been utilized as follows:

<b>1. To establish a tertiary hub for making Standardized Quality Uganda Single Source Origin High altitude roasted coffee products at the Ntungamo hub under Inspire Africa Coffee Limited by the end of 2024.</b>	<ul style="list-style-type: none"> <li>• Ntungamo Hub infrastructural development all-inclusive of Roads, Warehousing and equipment for Fresh roasts, capsules, water treatment and fresh roast packaging lines.</li> </ul>	<ul style="list-style-type: none"> <li>• Civil Works on the roads and warehouses are ongoing and some of the equipment like the 300kg/Batch roastery has been installed.</li> <li>• Other equipment already paid for and on the way</li> </ul>
	<ul style="list-style-type: none"> <li>• Freeze Dry &amp; Spray Dryer Soluble Coffee Processing Plant</li> </ul>	<ul style="list-style-type: none"> <li>• Designs and development done. Equipment on the way</li> </ul>
	<ul style="list-style-type: none"> <li>• Logistical capacity building</li> </ul>	<ul style="list-style-type: none"> <li>• Green bean handling facility already installed and tasted</li> </ul>
	<ul style="list-style-type: none"> <li>• Research and development on Products and Branding</li> </ul>	<ul style="list-style-type: none"> <li>• All works done and production of packaging equipment awaiting UNBS certifications</li> </ul>
	<ul style="list-style-type: none"> <li>• UNBS certification</li> </ul>	<ul style="list-style-type: none"> <li>• Processes On going</li> </ul>
	<ul style="list-style-type: none"> <li>• ISO certification</li> </ul>	<ul style="list-style-type: none"> <li>• Completed</li> </ul>
	<ul style="list-style-type: none"> <li>• Green bean processing plant</li> </ul>	<ul style="list-style-type: none"> <li>• Fully installed</li> </ul>

## 6. Monitoring Evaluation & Learning and Return on Investment

Several tools have been developed to help in accounting for all project business undertakings over this period. This has to a large extent helped to manage the disbursement of funds for use by the member companies.

A Monitoring, Evaluation & Learning and Impact assessment process has been established through a MEL & Impact assessment framework. The program of monitoring evaluation and learning kicked off to full scale. The hubs are being inspected for

Compliance and conformity to the key performance indicators set out and we are happy to report that preliminary results show that there is steady progress in the project cycle. All entities are growing into their roles. A final report will be availed to STI OP as soon as this phase one exercise is completed.

## CONCLUSION

CICU takes this opportunity to thank the Government of Uganda for all the support thus far and every resource will go far in the betterment of farmers throughout Uganda.

In particular, we would like to thank the President of the Republic of Uganda for being the lead champion on value addition and agriculture production with *ekibaro (cura, aimar, otita)*.

We would also like to thank our members, our farmers and every Ugandan for giving this project a chance.

We are open to criticism but in all fairness do believe that this criticism must be truthful and not based on selective facts calculated to throw the project into disrepute.

We are also open to sharing as well as receiving information, experiences and best practices at an appropriate time and in a mutually respectful way.

Lastly, we would like to reiterate that never have we ever presented our project as a silver bullet to all the challenges of the coffee value chain. Our project is built on the love for our country, our members and our hub system's experiences and knowledge as well as their shared passion for enhancing the coffee value chain and giving everyone a fair share of their sweat.

CICU is a collation of the willing. Our shared and collective aspirations are bigger than those of any individual member — both existing and future members. CICU has resisted and shall continue to resist overbearing tendencies from any party that seeks to deviate or bully us from our purpose.

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