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Relationship Coffee at Mount Elgon

An assessment of alternative models for sustainable trade in the coffee industry



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Summary

The thesis investigates current market structures and power dynamics associated with the coffee Global Value Chain (GVC) and analyzes different sustainability aspects in the coffee industry. The data collection is based on a case study of a coffee farmer community at Mount Elgon in eastern Uganda. Thus, the investigation concerns European African inter-state trade with a specific focus on a trade collaboration between a Danish coffee company and the coffee farmer community in Uganda, which is referred to as a Relationship Trade (RC) model. The research question of the study is *“How can coffee roasteries in the global North contribute to sustainable development of the global value chain of coffee and increase human security among coffee producers, and do the European Union’s sustainability legislations promote or hamper this contribution?”*. The thesis contains a product and is thus split into two parts. Part one serves as a background study that investigates relevant EU sustainability legislation, presents the historical development of the coffee industry, and analyzes the pros and cons of alternative models, here under the RC model, for inter-state coffee trade. Part two (the product) is an impact report that presents stories from farmers at Mount Elgon and examines the contract details in the RC model established between the Danish company and the farmer community. Furthermore, the impact report contains a summary of recommendations based on the findings gathered in the data collection.

The findings have revealed both benefits and challenges associated with the alternative trade model. The findings included qualitative interviews with 19 farmers in the Mount Elgon region. Additionally, the findings included interviews with other stakeholders within the coffee value chain in Uganda. The findings showed how agroforestry has proven to have a positive impact on the environmental sustainability in coffee production, but that most farmers need further knowledge about the long-term effects of integrating trees into production. In terms of social sustainability, the study has revealed that gender inequality proves to be a continuous issue in the coffee production industry due to unequal traditions for land tenure in Uganda. Furthermore, the combination of high expenses and low income captures the farmers in a vicious spiral of economic insecurity. Governance sustainability in the study has proven to be affected by the high level of exploitation along the coffee value chain.

Additional to the findings, the thesis showcases a general underrepresentation of the global South in international decision-making. It stresses that when dealing with present geopolitical topics like international trade regulations, it is important to investigate and learn from previous historical eras and give an inclusive voice to all involved actors.

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Introduction

Background and motivation

The Global Value Chain (GVC) of coffee is a complex network of actors involved with production, manufacturing, distribution, and consumption. In 2024, global annual coffee consumption was estimated to just over 10 billion kilograms (USDA, 2024). Europe is the region in the world with the highest domestic consumption, with an almost 50% drop to the United States which is number two on the list (USDA, 2024). In Denmark alone, the average person consumes 3-4 cups of coffee per day which places the country on the list of the four most coffee consuming countries in the world (Hermansen, 2023). The coffee-producing countries, which are in the global South, are not among the major consumers. Additionally, most traders see coffee as a business unit whereby analysis most often is focused on the end of the value chain. Traditional coffee trade is handled through the coffee auction of green beans on the C-market. The C-market is the global exchange where commodities like coffee are bought and sold every day with prices fluctuating up and down according to supply and demand. A commodity on the C-market is characterized as a raw material that is usually used in the manufacture of other products. Also, a commodity on the C-market is interchangeable with other goods of the same type, e.g. coffee beans from Brazil are interchangeable with coffee beans from Uganda (Cuevas, 2021). This often gives an unfair advantage to traders and leaves the farmers with high economic insecurities (Wambua *et al.*, 2024).

The coffee GVC is by many scholars characterized as a buyer-driven commodity chain, which means the production network in the exporting country is set up by large retailers and branded manufacturers. The success of a commodity in the marketplace is dependent on the consumers' preferences, value judgements, and trends in consumption (Grabs & Ponte, 2019). In recent years, consumers increasingly demand high quality or so-called specialty coffee. Also, a large quantity of consumers in the global North increasingly takes an interest in sustainability in their consumption habits. This was first attempted solved by the increasing number of sustainability labels that exist today (Pedersen *et al.*, 2024). Fairtrade was developed with the intention to de-commodify coffee trade but was quickly overtaken by large coffee brands as a new tool to capture the market. Therefore, alternative trade models arose as a method for coffee brands to increase sustainability while obtaining specialty demands. In this connection, the concept of Relationship Coffee (RC) has appeared. The RC model is associated with direct communication to growers, providing them with guidance and resources, building multi-year relationships (Grabs & Ponte, 2019, Webster *et al.*, 2024, Vicol *et al.*, 2018).

Furthermore, as a response to the consumer demands for sustainability, the European Union (EU) has come up with a portfolio of regulations regarding sustainable trade. For example, the Corporate Sustainability Reporting Directive (CSRD) now requires companies within the EU to report on their corporate behavior, and recently, the EU Deforestation Regulation (EUDR) has introduced further regulatory standards for the trade of commodities which production is at risk of causing deforestation. This has further increased the incentive for coffee companies to shift to alternative trade models. This thesis investigates the benefits as well as challenges associated with RC, focusing on a partnership between a Danish coffee company and a coffee producing community in eastern Uganda.

Sources of information

Besides data collected in the field, the thesis builds on information from several other sources. The foundation of the problem statement is collected from the Human Security syllabus, knowledge obtained from preliminary interviews, meetings with actors within the coffee GVC, a systematic literature review, and reports from public authorities. The reports from public authorities include relevant EU legislation on sustainability, and Danish and Pan-African political strategies. These are included to understand the political context of the thesis topic and the mutual dilemmas at stake in the coffee GVC. By applying the holistic approach that the Human Security program offers, the thesis will investigate the relevance of both social, spatial, and historical aspects when analyzing the pros and cons of the RC model in international trade. For qualitative research design and analysis, information from academic textbooks has been applied.

Prior to the formation of the problem statement, a small user survey was conducted to get an understanding of the choices and concerns of coffee consumers. The survey was conducted in coffee shops in Aarhus and Copenhagen. The information provided by the survey was backed up by research investigating consumption patterns. The survey questions were:

Introduction:

Hello, I am a student researching human security within coffee value chains. In that connection, I would like to ask you a few questions about your consumption of coffee. Is that alright?

Survey questions:

What is important for you when you buy coffee? And why?

Where do you most often buy coffee?

Have you experienced any challenges finding the coffee that you are looking for?

Are you aware of the processes involved in coffee production and trade?

This gave an idea of the general trends in the coffee sector. Both survey and research showed a consumer tendency of increasing concerns for sustainability in terms of social and environmental issues related to production (Merbah & Benito-Hernández, 2024, Fuller & Grebitus, 2023).

Additional to the survey, meetings with a range of operators within the coffee sector were conducted. By reaching out via LinkedIn, email, and network, seven key actors were reached from different European and African companies working with coffee value chains. The information received from these meetings gave an idea of some of the challenges associated with the coffee GVC. Several respondents mentioned concerns related to the EU's sustainability standards for international trade and its implications for coffee farmers in the global South. Of immediate interest was the implementation of the EUDR. The following literature review thus focused on the EU sustainability

regulations affecting international trade and producers in the global South, alternative trade models, and market structures in the coffee industry.

The literature review relied on articles from peer reviewed journals, and the databases applied included: ScienceDirect, JSTOR, Scopus, Web of Science, and Google Scholar. To get an overview of the research carried out in the field, the search started out as free words. When relevant articles had been selected, chained search was undertaken to get an understanding of the keywords used in similar research. After the initial process, a more systematic review was carried out using specific keywords associated with coffee GVCs.

Problem statement

Research question

The thesis strives to answer the following research question:

How can coffee roasteries in the global North contribute to sustainable development of the global value chain of coffee and increase human security among coffee producers, and do the European Union's sustainability legislations promote or hamper this contribution?

The questions are answered using a case study from an ongoing coffee trade collaboration between a Ugandan farmer community and a Danish coffee roastery. Thus, it will focus on the challenges associated with European African inter-state trade. The dissertation is split into two parts.

Introduction to the thesis collaboration

The thesis is a product thesis written as a collaboration with Frellsen Coffee (henceforth referred to as Frellsen). Frellsen is a family-owned company, and a merchant of coffee and chocolate sourced from countries in the global South. In 2018, Frellsen decided to support the Danish NGO Seniors without Borders (SwB) in their efforts working with coffee farmers at Mount Elgon in Uganda. Currently, their work in the area includes an agroforestry project called Agroforestry for People, Ecosystem and Climate (AfPEC). This is a project financed by the Danish development foundation, DANIDA. The partners in the project consist of SwB, the two Danish universities, Aarhus University and University of Copenhagen, the Ugandan Makerere University, as well as the Ugandan non-profit organization, Youth Leading Environmental Change (YLEC), and the Danish green development organization, Forests of the World (SwB, 2024, Forests of the World, n.d., YLEC, 2025). The AfPEC project aims to document the effects of agroforestry in terms of ecosystem services and livelihood benefits to understand motivating factors for long-term sustainable development and to support science-based agroforestry in practice (AfPEC, 2025). It is deployed in four villages in the Mount Elgon region in eastern Uganda, all known for their tradition for Arabica coffee production. Frellsen acts as a collaborator for the project, and in 2024, they signed a contract with a milling station at Mount Elgon that processes and exports the coffee from the farmers involved. This collaboration is intended to develop into a multi-year Relationship Coffee (RC) trade model.

The thesis analyzes the pros and cons of RC models and puts it into the context of EU sustainability legislation. The dissertation consists of two parts: one part elaborating on the market and power dynamics in the coffee GVC based on data collected from the project area, and another part acting as an impact report for Frellsen, presenting case stories from some of the farmers as well as examining the conditions of the contract. Additionally, part two will gather the findings presented in part one as a summary of recommendations for future collaboration. The two parts can be read independently, but part two (the impact report) is built on the literature and findings presented in part one (the thesis).

State of the Art

Historical background

When trading with a country, it is essential to understand the trade structures and political landscape of that country. Therefore, the State of the Art will begin with an investigation of the historical background that has led to the present political and economic situation in Uganda.

In pre-colonial times, the area now called Uganda was characterized by a large variety of territories. The South and West consisted of kingdoms with politically centralized administrations. The North and East were split into smaller, more fragmented entities without centralized management (Ali & Fjeldstad, 2023). The biggest, most bureaucratic and hierarchically governed area was the Buganda kingdom. In the last quarter of the 19th century, the African continent was divided between metropolitan powers in Europe (Bowden & Mosley, 2010). Uganda thus became a British colony in 1894 and was ruled by the United Kingdom between the years 1894-1962 carrying the title The British Uganda Protectorate (De Haas, 2021). The name “Uganda” was made up as an anglicized version of the name “Buganda”, as the British colonizers continued to govern the established colony after the hierarchically structured administration in the Buganda kingdom (Ali & Fjeldstad, 2023). Both colonial and pre-colonial influence has affected the post-colonial formation of policies, governance and economy in Uganda. In pre-colonial times, both political and religious missionaries visited the area and formed the basis of cultural and ethnic groups. During colonialism, the British rulers forced the fragmented groups to fit into the same bureaucratic and hierarchical systems (Ali & Fjeldstad, 2023).

Arabica coffee was introduced to Uganda around 1900, and after a challenged start, it became a key crop for export (Davis *et al.*, 2023). By the mid-1940s, imported commodity prices rose after the war, but money incomes remained far behind. This was an incentive for many people working in the farming industry to shift to more profitable crops, among which coffee proved to be a promising cash crop. In the following years, inequality between social classes within the Ugandan society began to rise, partly due to the introduction of coffee production. Not everyone had the resources to invest in the coffee cash crop, which led to a bloom in inequality. Generally, the colonial era was characterized by increasing levels of inequality both between social classes and races. During the period of colonialism, European households in African countries earned thirty-one times the income of African households (De Haas, 2021). Both the racial and social class inequality continued to be a defining characteristic of Uganda into the post-colonial era.

After independence, many African countries experienced political instability and violence. Ethnic and racial rancor to those elites who had collaborated with and benefited from the colonial rulers appeared. In Uganda, a class barrier had appeared during the colonial period between the Buganda region in the South and the rest of the country. This barrier remained after the independence and was characterized by two different political parties, Uganda People's Congress (UPC) in the North and Democratic Party (DP) in the South. In 1966, after a period of internal violence in the country, the Bugandan kingdom was dissolved, and Uganda became a centrally controlled one-party state with UPC leader, Milton Obote, as president (Hansen, 2024).

In a military coup in 1971, the military leader, Idi Amin, took power and ruled the country with violence, ethnic cleansing, and destruction in the following 8 years. Amin's dictatorial regime caused per capita incomes in Uganda to fall by 40% between 1970 and 1987 (Bowden & Mosley, 2010). In 1979, Amin was forced into exile. Hereafter, Obote became president again until the opposing politician, Yoweri Museveni, undertook the power in 1986. In 2001, Museveni was reelected and has been leading the country ever since. Though, the presidential leadership is experiencing increasing criticism due to corruption and swindling during elections (Hansen, 2024). Additionally, issues remain in Uganda such as rising inequality, youth unemployment, and corruption in public office. In 2012, agriculture accounted for 24% of GDP but 82% of employment, about 50% of economically active young people are not in income-generating jobs, and the industrial sector consists of small-scale firms with limited manufacturing value addition (Shinyekwa *et al.*, 2016). As the long-term development of a country is a result of its historical processes and generally changes slowly (Bigsten, 2018), it is important to consider these different historical eras of Uganda to understand the current challenges at stake in the country.

Existing power structures in the coffee industry

Up until today, Uganda's economy relies to a large degree on the agricultural sector. The country still lacks indigenous capacity to adapt and develop technology (Shinyekwa *et al.*, 2016). This may have to do with the fact that processing and trade were entirely in the hands of Asians and Europeans up until the 1950s (De Haas, 2021). Hence, post-harvest techniques were not taught and developed among locals. Still today, the larger industries in Uganda are predominantly foreign owned (Shinyekwa *et al.*, 2016). As regards the coffee industry, it is a highly buyer-driven market where most farmers have no bargaining power due to their low involvement in the upstream value chain. The low value chain involvement also means that coffee farmers often wait for a long time before receiving their payment. A study by Wambua *et al.* (2024) investigating a group of Kenyan coffee farmers revealed that only 0.8% of the respondents received their pay within three months from the date of coffee delivery. Most of the farmers received the pay after 6 months. Also, the study concluded that middlemen¹ involvement has a significant negative influence on farmers' position and potential to increase productivity and quality of the coffee. Though, coffee value chains are often associated with high levels of middlemen involvement and a large distance, both physically and figuratively, between the producers and the processors of coffee from cherries to end-product.

¹ Brokers who come out to the farm to buy coffee at a lower price, transports and resells it to post-harvest processing facilities.

Not much value addition in the coffee industry is placed in the global South as most roasteries are placed in global North countries (Ghoshray & Mohan, 2021). However, local value addition has potential to boost both the local economy and the bargaining power of the exporting country. By placing more of the processing facilities locally, more jobs will be created, and the national GDP will rise with more industrial activity (Danino, 2023). According to African Coffee Roasters (ACR), which is a coffee roasting facility in Kenya exporting coffee to the global North, the value added to the producing country will be almost 50% more than in a traditional value chain when the coffee is roasted and packaged locally (ACR, 2024). The difference in value distribution, based on ACR's calculations, are illustrated in the figure below.

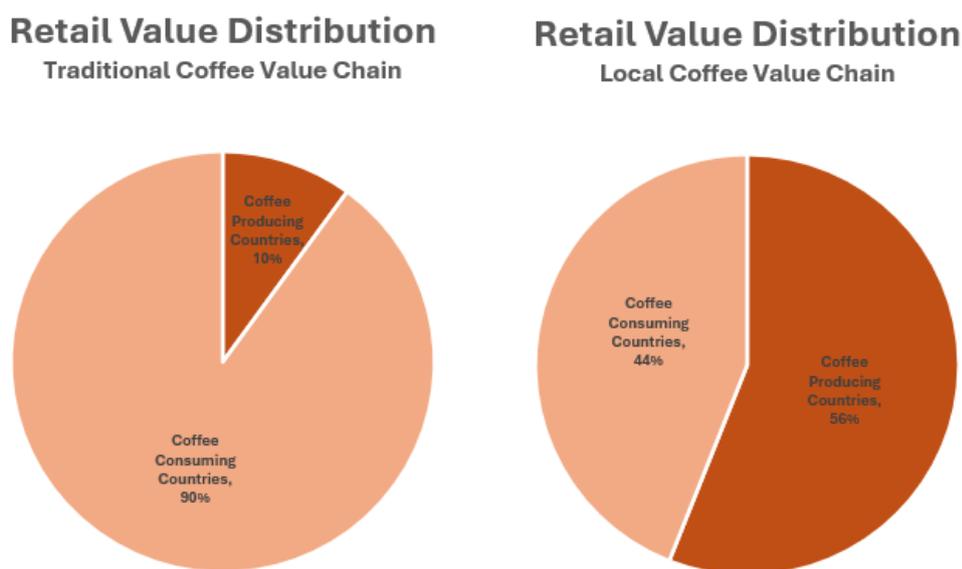


Figure 1. Retail Value Distribution. Source: ACR (2024) <https://africancoffeeroasters.com/sustainability/>

The figure shows the difference in value distribution before and after several post-harvest processes. Thus, the diagram to the right represents a situation where the coffee has been pulped, washed, fermented, dried, milled, sorted, roasted, and packaged. In the diagram to the left, the coffee is exported at the green bean stage, before roasting and packaging the final product. This is predominantly how coffee is traded. Grabs & Ponte (2019) has investigated the reasons why value creation and capture continue to be skewed toward certain actors in the coffee GVC. They argue that the underlying power inequities between Northern buyers and Southern producers have remained fundamentally unaltered since the origin of coffee export in the colonial era. The governance of coffee value chains can be split into different historical phases. During the colonial era, coffee was produced locally and exported to the metropolitan powers ruling the country of origin. After colonialism, the GVC of coffee was governed through the International Coffee Agreement (ICA), which was an accord made in 1962 between producing and consuming countries with a quota system that intended to stabilize global coffee prices. This agreement increased risk benefits for the producing countries, but it also created a higher gap between export revenues such that large producers, like Brazil and Colombia, gained more than small producers (Akiyama & Varangis, 1990). Between 1989-2007 was the post-ICA liberalization phase, where former regulations on the market were abolished. This phase challenged the producing countries and therefore gave rise to alternative markets such as Fairtrade (Grabs &

Ponte, 2019). On the consumer side, this phase was called the “latte revolution” as it was a period of increased awareness on quality coffee and thus the rise of bigger coffee shops like Starbucks. From 2008 onwards, the coffee GVC went onto a stage with more focus on traceability and a rise in quality expectations. The Q-grading system and the art of cupping were introduced to determine specific flavor notes. This caused increased price pressure on green coffee and slimmer work margins for growers and traders. Thus, the transformation of coffee into a more sophisticated product has not resulted in a better distribution of value along the chain (Grabs & Ponte, 2019, Zhang *et al.*, 2022).

As coffee is a highly buyer-driven market, the success of a product in the marketplace is dependent on the consumers’ preferences and judgement. These determinations are highly influenced by roasters and retailers with large marketing budgets. Roasters have strong bargaining power when it comes to sourcing coffee whereas the farmers often lack this type of power (Grabs & Ponte, 2019). To gain access to specialty coffee with unique flavor profiles, specialty roasters have increasingly begun to engage in alternative trade with cooperatives, shortening the supply chain by cutting out most middlemen and building multi-year relationships with the suppliers. This is referred to as the Relationship Coffee (RC) model. The increased demand for specialty coffee has created a bloom in niche markets, such as carbon-neutral coffee, coffee produced only by women, or coffee from micro-regions, that set themselves apart as highly sought-after origins. Though this can help distribute value more equally within the value chain and give more bargaining power to the local farmers, the benefits can easily be captured by local elites and thus reproduce local patterns of hierarchy and inequality (Grabs & Ponte, 2019).

All in all, the power structures in the coffee industry have undergone different stages throughout history but remain skewed toward the global North. The RC model that is getting more and more attention has both its benefits and challenges for the producer communities in the global South.

The UNDP Human Security framework

Human security is a topic of growing concern in a globalized world with complex international relations. In 1994, the UN Development Programme (UNDP) outlined a Human Security framework, based on the termination of the Cold War, where security is extended horizontally from military security to the coverage of seven pillars of security, and vertically from a state-centered security approach to a human-centered approach (UNDP, 1994, Rothschild, 1995). Hereby, the framework acknowledges that a threat to an individual is also a threat to international security and thus that securing the people within the international society is the best means to secure the international system (Tadjbakhsh & Chenoy, 2007). The expansions of security are illustrated in the matrix below:

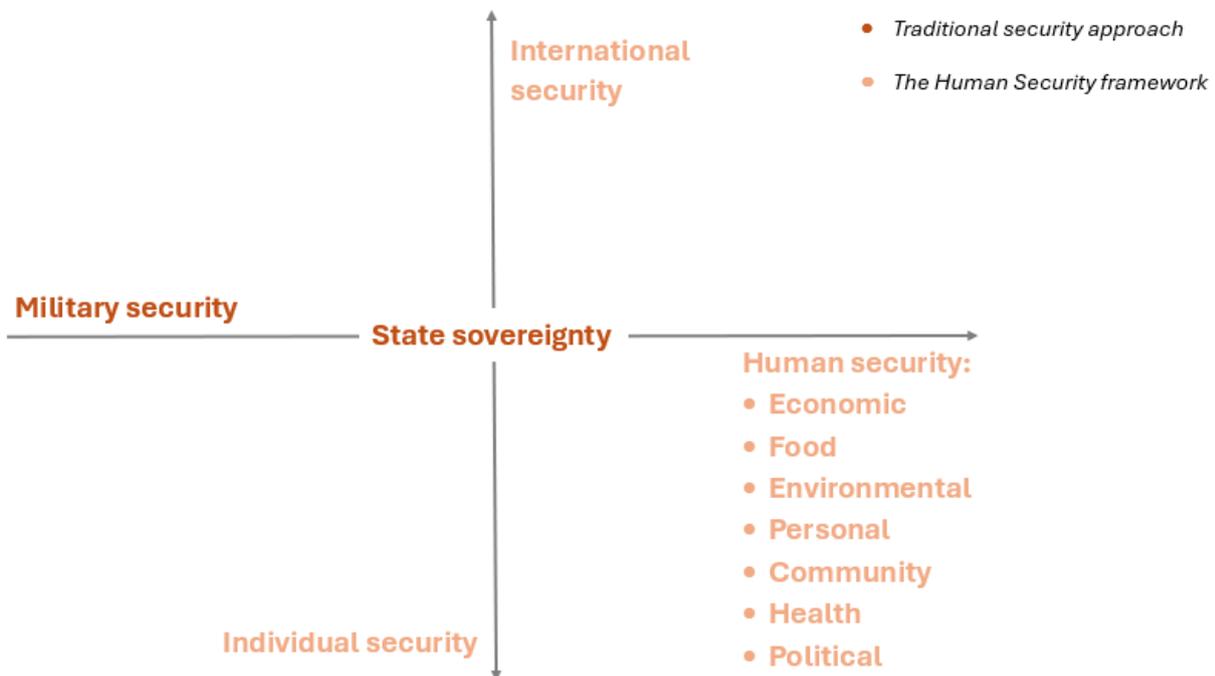


Figure 2. Matrix outlining the development in security concerns before and after the Human Security framework of 1994.

The dark colored text in the figure illustrates former security concerns whereas the light-colored text illustrates modern concerns for security. The Human Security concept is relevant in the context of the coffee GVC as it involves several international actors with different positions in terms of security. Thus, human security also has to do with the power dynamics present in the coffee GVC as the skewed power dynamics pose insecurities in the producer countries and especially on the smallholder farmers. The coffee GVC touches upon most if not all the seven pillars of security, in particular food and economic security (Wambua *et al.*, 2024). Furthermore, the Human Security framework illustrates how working with the individual actors involved in the coffee GVC can help equalize the dynamics of the whole industry and thus serve as a piece in the puzzle for international peace and equality.

Additionally, a growing concern to human security today is the environmental threats posed by rapid climate changes and the human violation of planetary boundaries. This threat is reflected in the UNDP 2022 report, which acknowledges the Anthropocene's impact on human security as a new generation of threats. This report applies a more holistic approach to human security because it acknowledges that the security threats posed by one actor can affect several other actors across time and space. The report thus suggests a new expansion of the Human Security framework through greater solidarity as a consideration of the interdependence across all people, and between people and the planet (UNDP, 2022). The expansion recognizes the negative effects that climate change can have on people's livelihoods all over the globe. The emissions emitted in the coffee consumer countries in the global North are likely to hit the environment in the producer countries in the global South where resources to cope with these challenges are scarcer (Ribot, 2013). Thus, the coffee industry exemplifies the interdependence across all people and the planet.

The EU-African relationship

The EU has recently displayed growing interest in trading with the African continent. In Denmark, the government published an Africa strategy in 2024 called “Africa’s Century”. In this, The Danish Government presents a vision for how to improve the relation to the African countries and work toward better trade and investment in the continent (Regeringen, 2024). The strategy comes out of a European wish to increase collaboration with Africa to reduce terror threats, migration pressure, and climate issues. Today, the African continent consists of 54 countries, several hundred languages, and more than a billion people. In 2050, one fourth of the world’s population is expected to be Africans. This means that about 40% of the world’s labor force in the year 2100 will be placed in Africa. Additionally, 11 out of the world’s 20 fastest growing economies are African countries, which further pushes the European incentive and motivation to increase future collaboration (Regeringen, 2024).

From the African side, the continent published in 2015 a shared strategy called “Agenda 2063”. The main objective of the agenda was to create “*a robust framework for addressing past injustices and the realization of the 21st Century as the African Century*” (AUC, 2015, p. 1). The strategy calls for an African Renaissance that requires unity among the countries on the continent. Africa wants to obtain self-reliance and the ability to finance its own development without foreign aid by the year 2063. The influence that history has had on the status of African countries today is exemplified in the African representation in the United Nations Security Council which has no representation of the African continent in its permanent member council. This is even though Africa accounts for more than a billion people and is the continent with the fastest growing population. Additionally, while Africa is underrepresented in global governance structures, it is overrepresented in the challenges that these structures address. African countries are among the places in the world that are hit hardest by climate change while having contributed least to the crisis. Every second climate refugee in 2050 is estimated to be from Africa. At the same time, Africa is estimated to contain above 40% of the world’s renewable energy resources (Regeringen, 2024). Nearly half of all country-specific or regional conflicts on the Security Council’s agenda concern Africa, and they are often exacerbated by greed for Africa’s resources. The UN General Secretary, António Guterres, refers to colonial history for this structural underrepresentation. He points out that the Council was designed by the victors of the Second World War and thus reflects the global power structures at a time when most African countries were still under colonial rule and had no voice in international affairs (UN, 2024). In “Agenda 2063” the African Union shows concern for their position in global power structures as it states:

“Africa shall continue to advocate for the reform of the United Nations and other international institutions, with particular reference to the UN Security Council, in order to correct the historical injustice of Africa not being represented on the Council by a permanent seat.”

AUC, 2015, p. 10

It is essential for shifting the global power structures, that the African continent achieves greater representation in international institutions such as the UN Security Council. The global power dynamics influence several aspects of trade whereas the coffee GVC is an example. When it comes to commodity trading in and out of the EU, the regulatory procedures are often strict. In Denmark, only 0.8% of import between 2021-2023 came from African countries (Regeringen, 2024). Many partners in Africa demand more inter-state trade, more investment, and more political dialogue. On paper, African

companies have great access to the European market, but the potential is most often not utilized due to lack of capacity to comply with the EU's sustainability requirements. Thus, there is a need to rethink and integrate sustainable value chains better, and in that connection, the Danish Africa strategy (2024) stresses the importance of implementing economic partnerships between EU and Africa in close collaboration with the African producers and farmers to achieve climate smart and socially responsible value chains.

Frameworks applied

The Corporate Sustainability Reporting Directive

The regulatory framework that has laid the strategic foundation for a sustainable economy in Europe is the EU Green Deal from 2019. In this strategy, the EU has set up goals on different aspects of its economy with the intention to achieve “climate neutrality” by 2050 and to decouple economic growth from resource use (European Commission, 2019). The Green Deal consists of a set of strategies, bills, and initiatives that strike all aspects of the member states’ societies. The key enabler for corporate conduct regarding sustainability in the Green Deal counts first and foremost the Corporate Sustainability Reporting Directive (CSRD). The purpose of CSRD is to mainstream the companies’ sustainability performance and reporting, and thus to increase transparency in the value chains and avoid greenwashing. It is a way to improve credibility for investors and financial statement users to compare different companies’ performances on sustainability matters (EU, 2023a). The companies subject to the CSRD must report according to the European Sustainability Reporting Standards (ESRS). This is a scheme of standards dividing sustainability into different topics (EU, 2023a). The standards are split into two sector-specific topics (the ESRS 1 and 2), setting the scene for requirements and disclosures in sustainability reporting for the specific sector, and 10 topics related to environment, social, and governance respectively (the ESRS E1-5, ESRS S1-4, and ESRS G1). The following figure illustrates the division of topics in the regulation:

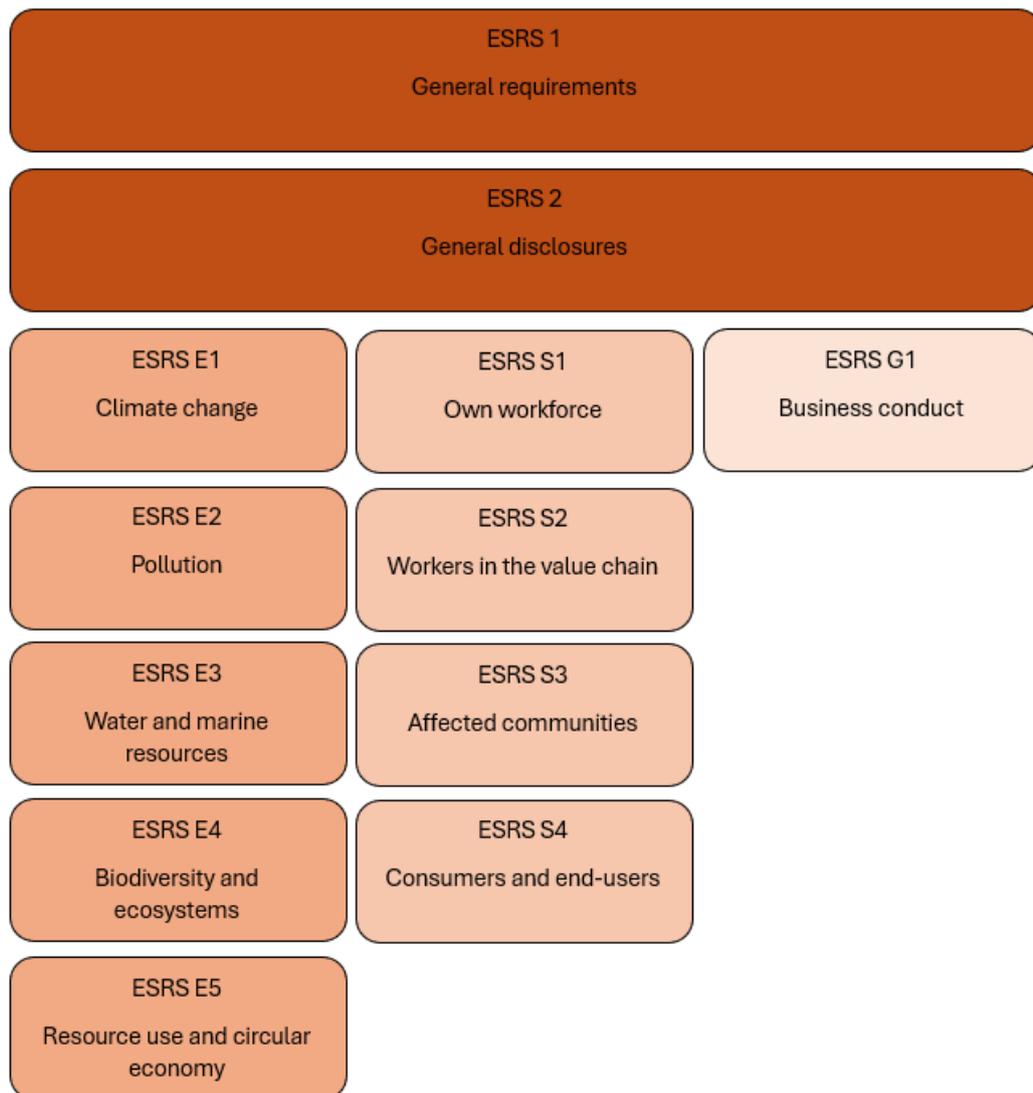


Figure 1. ESRS topics. Source: European Union (2023a)

In the reporting, only material issues for the specific company need to be included. These will be addressed by conducting a double materiality assessment (EU, 2023a). As a tool to structure the company’s material topics included in the regulatory framework, the company may choose to conduct an ESG report. ESG stands for environment (E), social (S), and governance (G), and covers the company’s performances in each topic. The CSRD is an extensive legal framework that includes several aspects of materiality to a company in all parts of the value chain. It thus applies to a complex set of actors when it comes to commodity trade like coffee, which often travels a long distance from production to consumption and involves many links.

The European Union Deforestation Regulation

Additional to the CSRD, the EU has set up an aim-directed regulation toward products that are in risk of causing global deforestation, called the European Union Deforestation Regulation (EUDR). This

regulation has come into effect based on an investigation by the UN Food and Agriculture Organization that estimates that about 10% of the world's remaining wild forests have been lost between 1990 and 2020 (EU, 2023b). The investigation also concludes that the world still loses 10 million hectares of wild forests every year. This drastic loss of forest areas is a critical driver for global warming and loss of biodiversity and thus comprises an increasing global issue. Agricultural expansion accounts for almost 90% of the global deforestation (EU, 2023b). Therefore, in line with the Green Deal strategy, the EU came up with a deforestation regulation to avoid European consumption to contribute to further deforestation. The regulation comprises seven commodities, which are palm oil, soya, timber, cocoa, cattle, rubber, and coffee, as these are the commodities that have proved to contribute most to global deforestation in our time.

Companies that trade with these commodities must lodge a due diligence declaration containing information, risk assessment, and a risk limitation plan. The due diligence declaration must give clear and sufficient information about the production source of the products brought to the European market. To prove that production has not caused deforestation, the due diligence declaration must contain geolocational data of the plots of production. This data can be obtained using satellite tools and must show data from the specific time of production and four years back with a cut-off date of December 31st, 2020. This date is set to correspond with the existing aim for afforestation and replanting worldwide. It is the importing company that is held accountable for the provision of these requirements, and if they cannot be met, the product cannot be placed on the European market (EU, 2023b).

Methods

Research design

As the research is based on a collaboration with Frellsen, the preliminary reflections about research design included meetings with CEO, Henrik Frellsen, about his wishes for the impact report (part two of the thesis). He desired to obtain case stories from the farmers at Mount Elgon involved with Frellsen's trade collaboration in the area. Frellsen possesses commercial interests in the project, and they want to show the impact of the collaborative efforts to their customers and business partners. The data collection was designed in a way that considered both Frellsen's wishes as well as answered the research question. The data collection process was coordinated with the project manager and chairperson of SwB in Uganda, Hazra Okem, as she could facilitate the contacts to farmers and interpreters in the area.

The research design included semi-structured interviews with coffee farmers in Uganda. The semi-structured interview makes use of the knowledge-producing potentials of a dialogue because it allows room for following up on the different angles in the conversation that the interviewer finds important during an interview (Brinkmann, 2014). An interview guide was prepared beforehand as a set of topics with appertaining questions that act as different ways of approaching each topic, thus leaving room for the semi-structured approach. The following scheme of topics was formulated in the research design phase:



The first three topics in the scheme (production, processing, and marketing) are the parts in the coffee value chain that are relevant to the research participants. The last topic (cooperation) refers to different types of value chains to address the participants' familiarity with the RC and other alternative trade models. These four topics laid the foundation for the scientific questions, which are the questions outlined below each topic. According to Kvale & Brinkmann (2015), it is desirable to compose two interview guides; one with thematic scientific questions in theoretical language (the scheme above) and one in more colloquial language with questions to ask the respondents targeted to their vocabulary and educational background. Thus, from the above scheme, a thorough interview guide was crafted, containing interview questions in colloquial language to ask the farmers. The questions included in the interview guide are as follows:

Topic	Scientific question	Interview question
Production	What are the farmer's tasks in the coffee garden(s) during a year?	<p>What do you do in the garden when it is harvest season?</p> <p>What do you do in the garden when it is not harvest season?</p>
Production	How does the farmer understand best practice in terms of coffee production?	<p>What is the purpose of trees in the garden?</p> <p>What helps to increase yield and quality of coffee?</p> <p>What is the effect of training and/or education?</p>

Production	How does the farmer work toward best practice in her or his coffee garden(s)?	<p>What do you do to protect your garden against risks like erosion, heavy rain, drought etc.?</p> <p>Do you apply manure in the garden? Why?</p> <p>Do you apply anything else in the garden that increases the yield and quality of coffee?</p>
Production	How has the farmer's efforts affected her or his income and livelihood?	<p>Has the quality of your coffee increased with time?</p> <p>If you had more money to improve your garden(s), what would you do?</p>
Processing	What does the farmer do after harvesting coffee cherries?	<p>What is the process after picking the cherries?</p> <p>Do you pulp? And do you have your own pulping machine?</p> <p>How do you dry the coffee cherries/parchments?</p>
Processing	At what processing stage does the farmer sell her or his coffee?	<p>Do you mostly sell cherries or parchment? And why?</p>
Processing	How do post-harvest processes affect the farmer's income and livelihood?	<p>What do you prefer to sell? And why?</p> <p>What do you spend the money on?</p>
Marketing	How does the farmer understand trade?	<p>What are the prices per kilo for cherries and parchment respectively?</p>
Marketing	What does the farmer think of international trade?	<p>Are you aware of the final destination of your coffee when you sell it?</p> <p>Are you aware of the coffee prices on the world market?</p>
Marketing	How does the farmer achieve opportunities in terms of trade?	<p>What is the process after drying parchment?</p>

		<p>How do you sell your coffee? Do you have to deliver it somewhere?</p> <p>Do you get your money right away?</p>
Marketing	How have the applied marketing strategy/strategies affected the farmer's income and livelihood?	<p>What are the benefits/challenges of selling to a company?</p> <p>What are the benefits/challenges of selling to middlemen?</p>
Cooperations	Is the farmer familiar with or involved with any cooperations?	<p>Who do you normally sell your coffee to?</p> <p>Do you know of any (other) companies or cooperatives in the area?</p>
Cooperations	What benefits do cooperations give the farmer in terms of production, processing, and marketing?	<p>Are you affiliated with any VSLA group or farmer field learning group?</p> <p>Does the company/organization provide you with any tools or assistance (manure, training, garden tools, processing equipment etc.)?</p> <p>Does the company/organization give you second payment or any other economic benefit/bonus?</p>
Cooperations	What challenges do cooperations give the farmer in terms of production, processing, and marketing?	<p>Have you experienced any delays in payment from the company/organization?</p> <p>Have you experienced exploitation or being cheated by any buyers?</p>

With the interview guide outlined, data collection could begin. The goal was to make 10 smaller interviews to get a sense of the farmers' overall experiences of the coffee value chain and their market access. Furthermore, 2-3 longer interviews were intended with participants who submitted consent to use their names and pictures for case stories to the impact report to Frellsen. Finally, participant observations would be performed in the field with room for additional spontaneous interviews.

Additional to the interview guide above, each interview would be initiated with some introductory questions such as name and age, number of children in the household, and potential parallel occupations beside farming. Also, the introduction included a short presentation of the interviewer and the study area, but only with little information about the case study as the approach was an explorative interview style whereby the respondent's answers were able to contribute new knowledge and insights to the research area. This is known as a funnel interview approach. In this technique, the first questions are asked more openly, giving space for a broader scope of possible answers, whereafter more specific questions are asked (Kvale & Brinkmann, 2015). Using this approach, consent was needed both before and after the interview to make sure that the respondent approved usage of their contribution in relation to the scopes of the study. Additionally, the farmers were asked for consent to have a picture taken of them.

Data collection

The data collection followed an inductive approach. The inductive method is a way of observing a number of cases to be able to say something general about that category of cases (Kvale & Brinkmann, 2015). In this study, the category of cases is related to the farmers' experiences of working within the coffee value chain. In practice, some of the questions from the interview guide were adjusted a bit, following the semi-structured interview approach, to get more informative answers. For example, for most of the farmers, economy was an important factor for their understanding of sustainability, so in talking about best practices in coffee production, the following question was added during the field work: *"If you had some extra money to improve your garden, what would you do to make it better?"* This made the question more relatable to the farmers, and they started reflecting on the things that they would do if they had the necessary resources. Thus, some of the interview questions were modified slightly in the field to harmonize with the respondent's own world view.

Doing semi-structured interviews allows different conversations depending on the participant's answers to the overall questions, as it does not follow a strict order of questions. Thus, if a farmer said something interesting, it was examined further with follow-up questions. This gave several insights of relevance to the overall topics of coffee production, processing, and marketing as well as insights into cooperations in the area. All in all, 19 interviews were conducted with farmers in four villages at Mount Elgon. Additionally, participant observations were conducted as well as a group meeting addressing the farmers' views on agroforestry. Finally, the time in the field allowed for spontaneous meetings with other stakeholders involved with the coffee value chain in Uganda. This was an opportunity for further data collection. The stakeholders that were approached during the field trip included employees from development agencies and international organizations working in Uganda, local coffee companies and cooperatives, workers at processing facilities, a public employee at a district office, and an officer from Uganda Coffee Development Authority (UCDA).

These stakeholders were interviewed with a semi-structured approach following some overall topics, but each interview followed its own interview guide. As each of the stakeholders possesses different positions within the coffee value chain, the interviews addressed different topics. For example, the public employee possessed knowledge about the EUDR while the workers at the processing facilities had more to say about coffee processing. The template for each interview was made along the field

trip. The average length of each interview, including both farmer interviews and additional stakeholder interviews, was 30 minutes with a range between 10 and 90 minutes. All interviews were recorded for subsequent transcription.

Data processing and analysis

The data processing included sorting of material, categorization, transcription, and coding. Automatic transcription was conducted whereafter the transcripts were checked by listening to the recordings. This allowed for a recall of the atmosphere and details in each interview which is otherwise lost in a written transcript. For coding, certain passages in each interview of interest in relation to the research question were highlighted. For the analysis, the intention was to integrate separate sections for the topics of environmental, social, and governance sustainability to collate the findings with the EU sustainability framework, CSRD. To do this, the different codes in each interview were highlighted using different colors to identify topical themes. Answers related to environmental topics were highlighted in green, social topics in red, and governance topics in yellow.

For the analysis of farmer interviews, a bricolage of methods has been applied. The interviews were read thoroughly and then an overall impression was made. Specifically interesting passages were taken out of each interview and some interviews have been used as case stories in the impact report. For the additional stakeholders, the interview analysis was used as theoretical reading. The interviews were read through whereby theoretical reflections were done. This gave a chance to select concrete interesting themes and interpret the respondents' answers to those. This method is based on a research design where the interview template is made with a high level of theoretical knowledge in advance (Kvale & Brinkmann, 2015). Thus, each interview template was made in accordance with the position within the coffee value chain that each stakeholder had and was framed in a way that corresponded to the overall research question.

Findings

In the following section, findings from the interviews conducted at Mount Elgon will be presented. The data will be presented using the structure of the CSRD, here under the ESRS topics outlined in figure 3. First, findings related to environmental sustainability are undergone. Second, findings of relevance to social sustainability are analyzed. And third, findings concerning governance topics in the coffee value chain will be undergone. Last, findings related to the EU Deforestation Regulation (EUDR) will be presented as well.

Environmental aspects

The topic of environmental sustainability in the CSRD covers the five concerns climate change, pollution, water and marine resources, biodiversity and ecosystems, and resource use and circular economy, which are brought out from the ESRS figure and visualized below.

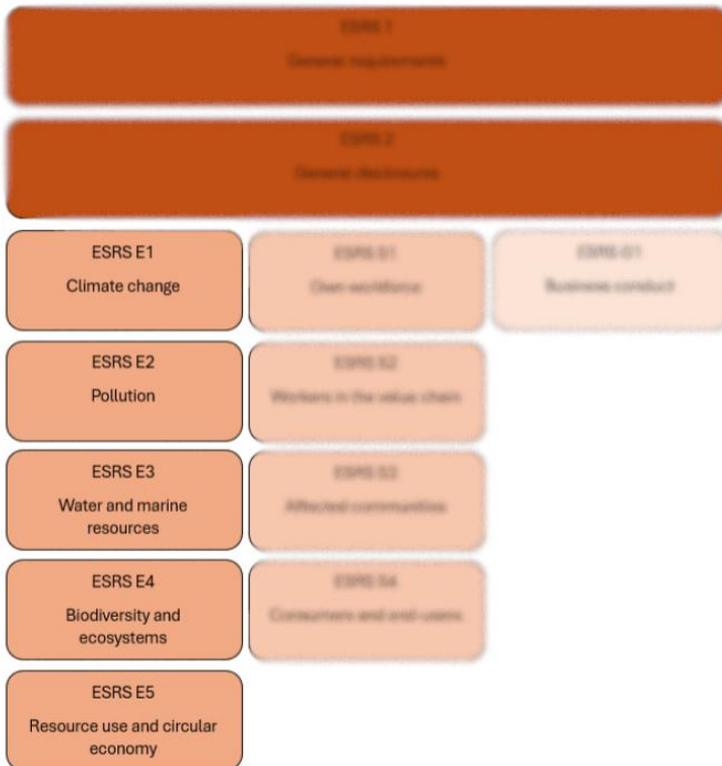


Figure 4. ESRS pillars E1-E5 covering environmental sustainability topics.

The Agroforestry project (AfPEC) that is currently carried out in the data collection area tackles environmental issues through the implementation of agroforestry in the coffee production. Agroforestry is a term covering the integration of woody perennials, such as trees and shrubs, with agricultural production of crops and/or livestock (FAO, 2025). Agroforestry has proven to have a beneficial effect on smallholder farmers in rural communities because it can diversify yield and income, thus increasing food security, while at the same time increasing climate change resilience at the farm level. This is highly relevant in the world standing in a global climate crisis (IPCC, 2022). In coffee production, the inclusion of trees has several benefits of environmental relevance.

During the data collection, the farmers were asked about their understanding of agroforestry and how it benefits their coffee gardens. All 19 farmers interviewed reported that they had trees integrated into their coffee gardens. The most reported purpose of the trees was to act as shade for the coffee. But also, many farmers reported that the trees have a positive effect on soil fertility, that it stabilizes the soil and decreases the threat of erosion. Furthermore, farmers reported leaf fall from the trees as a contributor to mulching and manure in the gardens. One farmer reported an observed reduction of disease in coffee as a side effect of the provision of shade. The farmer said:

“During the dry season, the trees help for shade. They help also coffee to avoid that disease called leaf rust. When you have shade in your garden, then it helps. And then also you get good quality coffee. It gives more cherries on the coffee trees.”

It is the general perception that farmers’ concerns are more on the economic benefits and improvements of the coffee when it comes to the integration of trees in the gardens. When asked specifically about the term “agroforestry” it was only a few of the farmers who knew what it meant. At a

group meeting with about 30 farmers, discussing the concept of agroforestry, the farmers had several ideas to conceptualize the term. Some said that agroforestry is where there are many trees, hence a forest. Others suggested that it means the growing of trees such as timber, wood and fruits. Only those who had been receiving training from organizations working with agroforestry projects pointed out that it has to do with the integration of trees in agricultural systems. One of the younger farmers attended a training course provided by SwB last year. The farmer expressed:

“We had an agronomist talking us through the agronomy of coffee, how to manage coffee so that you can have a better yield. Coffee needs some shade to reduce the transpiration rates. And the leaves from these trees drop and decompose which is good manure for the coffee. Then its roots as well help to bind the soil and reduce soil erosion.”

This illustrates how training has increased the farmer’s knowledge on the topic. Knowing about the benefits of integrating trees into the garden can help motivate farmers and increase the success rate of implementation of agroforestry systems (Kurniasari *et al.*, 2019). Though the number of farmers in the Mount Elgon region having trees integrated in their gardens is high, the number of trees in each garden is more varied. Most of the farmers interviewed had a lot of banana plants among the coffee, but only a few shade trees. The potential of implementing more trees in the gardens is multifaceted as it can help combat the two major global environmental crises, climate change and biodiversity loss (AfPEC, 2025).

Even though the implementation of trees in the gardens can help to reach most of the topics outlined in the CSRD framework it cannot eliminate the challenges exposed by climate changes in the area. Many farmers in the study reported several climatic conditions affecting their coffee yield. The coffee harvest last year was poor due to heavy rainfall, and at other times, the issues center around drought and the lack of sufficient watering. These extreme weather conditions are for many farmers a factor that is out of their control. One respondent said:

“Last year, the yield was not good. It rained continuously. Last year, dry season was not there. It rained the whole year. For us here, there is no way of stopping rainfall.”

Another respondent added:

“It is God only that gives rain. It is hard to do anything because you cannot tell God: you stop that. You cannot.”

These utterances illustrate how frustrating it can be for the farmers when sudden weather changes affect their yield negatively, even though they might be practicing good environmental practices. It exemplifies how climatic emissions in one part of the world can deeply affect people in another part of the world and decrease their human security (Ribot, 2013). As the respondents said, there is nothing they can do to avoid the rain from falling. It is up to higher powers, or at least other people’s habits to control. This corresponds with the UNDP 2022 report that illustrates how climatic violations are an interconnected global concern.

Social aspects

The social sustainability topic of the CSRD framework includes the four themes own workforce, workers in the value chain, affected communities, and consumers and end-users. They are highlighted from the ESRS scheme under here.

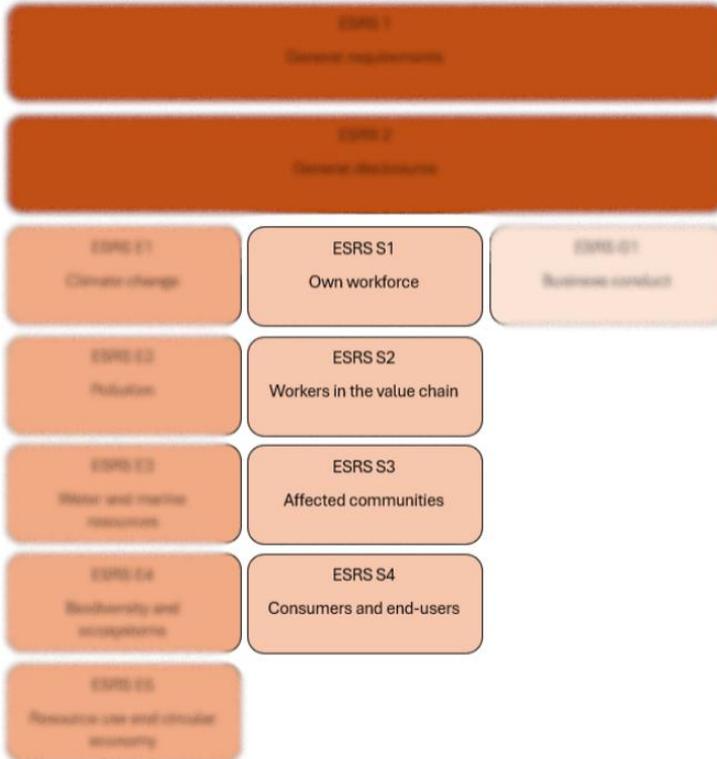


Figure 5. ESRS pillars S1-S4 covering social sustainability topics.

The data collection in the study covers two of the four themes, workers in the value chain and affected communities. One of the main challenges for the farmers and the affected communities in the coffee value chain at Mount Elgon is their economic shortcomings. Most of the farmers interviewed have five or more children and they spend a large amount of their income on school fees. When asked what they spend most money on, one respondent said:

“Most of our money is spent on school fees. In fact, 90% of what we get goes to school fees, 10% goes to smaller things.”

This illustrates how school fees compose a huge expenditure in these smallholder communities. It was reported in all the 19 farmer interviews that school fees played the biggest part in expenses. This is also the reason why so many farmers struggle to get a decent pay for their products. One respondent explained the dilemma between paying school fees and selling coffee by saying:

“The companies are there. But for now, this is the time for taking the children back to school. So, for the case of companies, if you give them maybe in December your coffee, by now [February] they have not yet paid people the money. They take time to pay people. So, when you need money quickly, you just call these middlemen, they buy, then they normally also take to those companies. If your child falls sick today, you cannot expect that if you go there yourself [to the company], they will give you

money. There you give and then wait maybe five months before they pay you your money. But if you know that this year you are well off, you will go to this company, then you wait for the time that they pay you back your money."

This shows how urgent expenses, like school fees or medicine, determine the farmers' opportunities on the market. The company that this farmer referred to had delayed payments for up to 5 months, which forced the farmers to find other ways to sell their products, often for lower pay. The low income means the farmers' opportunities on the market are fully determined by big expenses like the school fees because they have no savings to draw on. This problem has been dealt with in the villages at Mount Elgon by establishing the Village Savings and Loans Association Groups (VSLA). These are groups that are meant to support smallholder farmer families in making long-term savings of their money and avoid taking commercial loans, as the interest rates in the banks in Uganda can be sky high (CEIC, 2021). The VSLA concept was established by SwB together with Maple, an international organization supporting micro-development projects in smallholder communities. The VSLA concept started in 2013 with the formation of two original groups. A representative from Maple joined every group to facilitate the meeting. And the concept quickly proved to be a success. The director of Maple in Uganda, Rogers Raymond Muduku, was interviewed and he said:

"At the end of every year more and more people in the community wanted to be part of this initiative. At the end of the fourth year, we had 10 groups in all. As I speak now, there are a total of 17 VSLA groups that meet every Friday. On average, each group has about 70 members."

In the VSLA groups the farmers can save money together and raise a loan from the group when they need money right away. Rogers explained further about the concept:

"Our goal is to build capacity among the members to be able to save. A lot of people here think that you need to wait to get a million shillings before you can save. And yet saving is a discipline that needs to be practiced. It doesn't matter how big or small your economy is. So, that is always what we tell the communities. The members in each group meet once a week, they come and save their money and their funds. And after a while, once the fund has grown a bit, they can start borrowing some micro-loans from their own savings. The savings are individual savings, but put into a pool, so it's a collective fund. Everyone has an opportunity if they need to get a loan, you just have to be a member."

So, the groups meet every week at an open space, they make savings together, and if someone wants to make a loan, they do it with a beneficial interest rate and a period of three months to pay back. The VSLA initiative was originally a four-year project implemented by SwB and funded by a CISU grand. Additional to being an economic advantage for the farmers, the VSLA groups are also a way of empowering women in the communities. This is worth mentioning as gender inequality possesses another social aspect for the workers in the value chain. At the weekly VSLA meetings, it is mainly women who attend. According to one of the male farmer interviewees, there is a reason for that:

"When you go to VSLA groups, there are usually more women than men. Even in any other group or training, mostly there are more women than men. Women are very interested in learning new things, more than men in most cases. You know, men pretend to know more, yet they don't know. Women want to learn it and do it in the way it is required. Women can budget very well with the money, while men can have extra expenditures. The women are good treasurers in a family. Men don't see. Whenever a man gets any money, he just spends it. But women budget with the family."

This was backed up by another male farmer in the village who said:

“For us, in Africa, we have found that women are good managers. Because women care for children. They know that the children go to school. Children need some money. For us men, we have found that women have a heart for children. That’s partly why the women are taking up now most of the management.”

It is a general perception among the farmers that the women are more sensible in budgeting. Therefore, more women attend the VSLA groups. It is essential for SwB that participation at their workshops in the villages is split 50/50 between men and women. It is most often the women who work in the fields and is it therefore important that they receive the essential teaching in agroforestry and sustainable farming methods. In an interview with the chairperson of SwB in Uganda, Hazra Okem, she said:

“We are usually purposeful when we are marketing our programs to the community. We want 50/50, or sometimes even 60% women and 40% men. But somehow, by default, the women are always more. And we like that even further because groups with more women usually have less conflicts and save more money. And there, it is easy to see stories of success.”

By teaching women in sustainable farming practices and economic management they are empowered and more knowledgeable. These are some of the measures taken to empower women and thus increasing gender equality for the workers in the value chain and the affected communities. Other companies and organizations building RC models with the farmers have taken another approach to empower the female coffee farmers. One farmer explained:

“In our culture, it’s the men who own the land. But now, we have been introduced to what they call Women Coffee. They have some buyers who want to promote and empower women. What they do is they give women better second payment. You know, after selling your coffee, you get some money after you’ve already sold your coffee. So, women are given 350 shillings per kilo of coffee they sold while men are given 200 shillings. So, there is an extra 150 shillings per kilo. So now, men want the women to sell the coffee so that they get more second payment.”

This shows how some companies have used a second payment model to give a bonus and incentive for women to have more influence on the marketing of coffee. But the main challenge regarding gender equality remains as it is the men who own the land. This is a cultural tradition in Uganda, and it most often keeps women from having influence and power in the coffee production industry. Coffee is often grown in an intercrop system with banana. In the coffee plantations included in the data collection, it was a common perception that bananas are for women while the coffee is for men. Banana and coffee have been grown together since the introduction of coffee production in Uganda, but whereas coffee is considered a cash crop, banana provides a much smaller share of the income. Many women held in this traditional business structure are thereby cut off by decision-making about the profits the family gain from coffee (Williams, 2022). It is difficult for women to succeed in the coffee production industry because of this cultural heritage in Uganda, and their options are thus limited to being a part of the business by marriage or as labor.

During data collection, the director of African Women Agribusiness Network (AWAN), Joyce Atuhaire, was interviewed. AWAN is an organization that promotes women entrepreneurs in agri-business value

chains in African countries (AWAN, n.d.). Joyce contributed with her view on how women can succeed within the cultural structures existing between genders in the coffee industry in Uganda. Among others, she came up with the following point:

“For the women to really benefit more in the coffee value chain is when the funding for support would come in the middle of the value chain. Because there are very few women producers of coffee at production level. The coffee supported production level reaches only few women because very few women own land, so, how are they going to plant their coffee? But if they can be facilitated into trade, they can buy from the farmers and aggregate.”

Joyce suggests that women empowerment in the coffee industry comes after the production step. According to her, it is easier to empower women in the processing parts in the industry, including post-harvest steps such as pulping, drying, fermenting, hulling, and even up to roasting, and packaging of the coffee beans. By creating jobs for the women in this part of the value chain, Joyce argues that the women will have more power to grow their career and dissociate themselves from the unequal cultural traditions of land ownership in Uganda.

Gender inequality and delayed payments are only some of the social issues related to workers in the value chain and the affected communities. Furthermore, the farmers reported high expenditures related to employing casual workers during harvest season. If a farmer cannot afford to pay casual workers to assist in the period of cherry picking, she or he might need to let some cherries go to waste or take their children out of school to work in the gardens. Additionally, farmers reported costs for buying and applying manure in gardens, renting pulping machines, pest control, and transportation. These are some of the things to investigate to improve social sustainability in the coffee value chain.

Governance aspects

The governance part of the CSRD framework covers only one theme, which is business conduct, highlighted in the figure below. This section includes both the reporting from internal and external stakeholders, thus it is also relevant in relation to the downstream value chain (EU, 2023a). The directive points to factors related to payment practices such as anti-corruption and anti-bribery policies as well as the general approach to corporate culture.

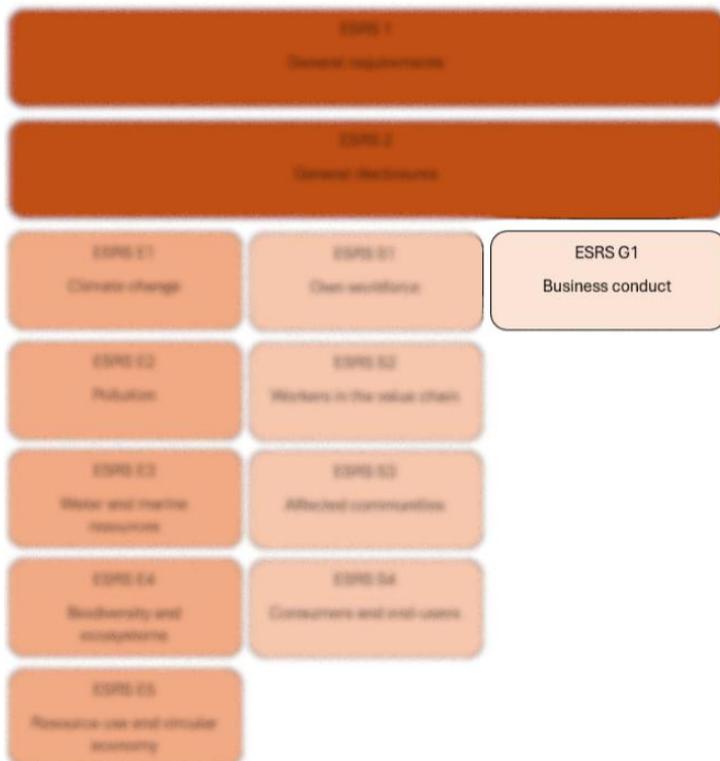


Figure 6. ESRS pillar G1 concerning governance sustainability.

The average farm gate prices that the farmers are paid have been calculated per kilo for cherries and parchment respectively according to the answers obtained from the farmer interviews. They are as follows:

	Average price (UGX)	Average price (EUR)
Coffee cherries	2430	0.61
Coffee parchment	13100	3.28

Table 1. Average farm gate prices reported in the study visualized in Ugandan shillings and Euros, respectively.

13 out of the 19 farmers interviewed reported that they sometimes sell their coffee at the cherry stage, which means just after harvesting, before any processing. Of these 13 incidents, the price earned per kilo ranged from 1,000 UGX to 3,300 UGX with an average price of 2,430 UGX. All the 19 farmers reported that they sell parchment whenever possible. The price they earn per kilo for parchment coffee (after removing the pulp from the cherry) ranged from 7,000 UGX up to 18,000 UGX with an average price of 13,100 UGX. These price ranges reflect a high level of inequality among the farmers in the area. The main reported reason for this inequality was the difference between being part of a farmer group and standing outside the group formations. One farmer, who is not part of a farmer group, uttered complaints about coffee pricing:

“I feel like there should be some change about the price of coffee. But then now what should I do? I don’t have a group. So, I will sell it to anyone who comes. I would like to have a group as well, so that I can collect a huge amount of coffee and sell it to that group.”

This was backed up by another respondent who is the leader of one of the farmer groups in the area:

“Mostly the farmers who are not registered with companies, they are cheated. There is nothing you can do because if the other companies are not buying and the middlemen are buying, of course the option is the middleman.”

A farmer who doesn't belong to any farmer group has no bargaining power and thus very little choice of who to sell their products to and for what price. The data collection revealed several cases of exploitation from middlemen in the area, and many farmers mentioned that without structures like the VSLA groups, they are left with no other choice but to sell their coffee to the first buyer, and often cheapest offer, that comes along due to their immediate need for money. If a farmer needs money urgently, she or he is willing to get a lower price for their coffee just to make ends meet. But this is a vicious spiral as the low pay that the middlemen offer is not sufficient to cover the costs it requires to grow good quality coffee. A farmer interviewee expresses about coffee quality:

“We need to increase. You know, there is a lot of work in coffee. It is not a simple job. You have to pick the right cherries. You have to pulp, you have to wash. And now, the problem is if you want quality coffee, you need to have things like tarpaulins, trays, and so on, so that you get quality. These are the very important things.”

The traditional coffee value chain keeps many farmers in an economic status that forces them to sell their coffee for a cheap price to make ends meet in the short term and leaves them with no options to improve their processing to obtain better quality products. The RC model contains some benefits to break this vicious spiral. One of the farmers gives an example of the relationship she feels with the company that they deliver their coffee to:

“The company has been giving us some trainings. They have been teaching us how to make organic manure, and they used to also bring some trees that are favorable to coffee. You may find that others, companies or middlemen, are at times even buying at better prices, but for us, being a member, our things are satisfied, they pay a good price. And also, they give us second payment.”

This illustrates the importance for the farmers in having a persistent and long-lasting relation to their buyer. Even though the price might not always be the highest on the market, it is of higher concern to the farmer to have the security of knowing that market access is there persistently. And especially the strong bond was a key word for many farmers. Another respondent expressed his relation to SwB:

“Seniors without Borders are our friends, so we cannot do without them. They have to be there. We need relations like now, what the Danish company [Frellsen] is doing, bringing you to Uganda and share with us.”

This quote indicates the impact that SwB has had on the community since they started operating in the area, and it shows the appreciation that the farmers feel when the buyers show interest and engagement with them. And with long-term collaboration, investing in training, tools, and improvements in the gardens, comes higher quality coffee.

Like exploitation can happen to farmers selling at farm gate prices to middlemen, exploitation can also happen further up the value chain, at the processing stage from parchment to green beans. An employee at a processing facility in the area was interviewed and explained about the complications

that might happen along the coffee value chain. Among other things, he talked about the process of making coffee parchment into green beans as he said:

“On average, five kilos of cherries can give one kilo of parchment. Then parchment to green bean, mainly it’s 80% remaining. The husk will take 20%. Though, it also depends on the varieties. For example, Catimors have very bad percentages, like 64-65%. But even some coffees, which have not been well managed, can remain up to 75% of the weight at green bean stage.”

This is the interviewee’s own estimate, and he does not refer to formal standards. Another respondent, working at another processing facility in the area, argues for his perception of the conversion ratios:

“Approximately, five kilo cherries correspond to one kilo of parchment. 25-30% goes to husk meaning that 70-75% comes out of 100% as green beans. The determining factor is the type of production method right from the farmers till it reaches the factory here, I mean specialty and ordinary coffee production. So, for specialty coffee the percentage is good, 75% and even up to 78%. For specialty coffee, the farmer picks only red cherries, and this gives a higher percentage during production.”

For the conversion ratio between cherries and parchment the two respondents agreed. But the second respondent gives a slightly lower estimate for the conversion ratio of parchment to green beans. Also, the respondents mention different determinants of variations in conversion ratios. Whereas the first respondent points to the variety of coffee as a determining factor, the second respondent points out the production method. No formal standards were mentioned as reference for the average conversion ratios. This makes room for exploitation in the processing part of the value chain as well. Processing facilities that act as independent intermediates in the coffee value chain can offer different calculations of conversion ratios of a coffee batch based on their own interest and profit optimization.

The conversion ratio between cherries and parchment mentioned by the two respondents above corresponds well with the prices shown in table 1, where average cherry price was 2430 UGX. If this is multiplied by 5, which is the price allocation according to the stated conversion ratio, it will give a parchment price of 12,150 UGX. This is slightly lower than the average parchment price obtained from the data collection, which indicates that it is economically beneficial for the farmers to sell parchment instead of cherries. But the processing facility respondent number two from above further mentioned he prefers to have cherries delivered by the farmers, so he can control the post-harvest processes at the processing facility to obtain a consistent quality. He said:

“The best is when farmers deliver cherries. This helps me to have a consistent quality in cup test, and to out tone consistency in quality is only achieved in a central processing wet mill. The different farmers can vary in process and the quality and consistency in the cup attributes will not be the same unless if close supervision is done during production.”

So, according to the interviewee, either the different post-harvest processes should be streamlined by making all farmers deliver cherries only, or by supervising the farmers in processing correctly so the quality of the coffee beans won’t be lost during early-stage processing. These are some of the aspects of relevance to business conduct in the coffee value chain.

Relation to the EUDR

With the EUDR, it will be possible for the EU to track the environmental impact in terms of deforestation of commodities like coffee imported into Europe. Frellsen is obliged to live up to the standards of EUDR, so the data collection included interviews with some of the people on ground in Uganda familiar with the regulation. A district officer in the Crop Production section in the Mbale District, the district appertaining the coffee producers at Mount Elgon, was interviewed. When asked, the officer pointed out that she is aware of the EUDR, that they have hired a company to carry out the required activities, but that the farmers have not been sensitized well about the regulation. As the EUDR includes the collection of geospatial data of all farms producing the specified commodities, such as coffee, it requires knowing the farmers' land acreage. The officer explained:

“With the issues of land, the local farmer, if he’s not aware of what is happening, and you talk about land, you may not work well with him. Because some people think that maybe you have come to grab their land. So, the challenge with EUDR is that me, I know about it, but my extension officer who has to pass on the information in the communities, he may not have a very big voice to speak it down there right now. To whoever is in charge of implementing that regulation, there is a big gap.”

With this quote, the officer touches upon the issues of exploitation and land grabbing by national or international entities that have been present for many years in Africa. It is further exemplified in one of the farmer interviews where the respondent expresses:

“Us old people, years back we were cattle keepers. Around 1950 they changed to agriculture. That's why, all the men were good at farming, they would get big lands within one side. But then there were rearrangements. The farming was good, but now the land was taken from the poor people. You know, the rich always exploit. Eh, those are the worst people. Those that have stolen land for many, many years.”

The land grabs that have happened in these areas have both been caused by internal conflicts regarding unclear rights in ownership of land between pastoralists and peasant farmers (Murphy *et al.*, 2017), and the trend of land grabbing by large-scale international firms (Carmody & Taylor, 2016). Additional to this, drastic population growth in Uganda over the last decade has led to an increase in land pressure and incidents of conflicts over land use (Mwesigye & Matsumoto, 2016). When it comes to EUDR and collection of geospatial data of coffee gardens, and the farmers are not properly informed about the regulation beforehand, it can lead to suspicion and fear due to those historical as well as present land conflicts in the country.

An overall collection of the applied aspects of the findings is visualized in the impact report in part two of the thesis. There, the findings observed in the field are put into recommendations for the further development of an RC model between Frellsen and the farmers at Mount Elgon.

Discussion

In the following, the challenges associated with the coffee GVC will be discussed in relation to the findings obtained from the farmers at Mount Elgon presented in the previous section. The discussion will draw on literature from relevant studies underlining important points, and it will combine the

historical development of the European African relationship with present legislative interventions. First, the applied method of the study will be discussed.

Conducting qualitative research

When working qualitatively the research question is biased by the researcher's own social and educational inheritance (Bourdieu, 2003). For the case of this study, focusing on European African trade relations, it should be noted that the researcher is a European citizen and thus might be biased hereby in the framing of the research. Furthermore, scientific observation in a foreign setting is a process strengthened by personal experiences (Bourdieu, 2003). It takes time to convert oneself into the foreign setting that is being investigated. In this study, the researcher's time in the field was 25 days. This limited amount of time might have affected the quality of the data, which is important to have in mind when interpreting the data that has been collected (Kvale & Brinkmann, 2015). Additionally, interviewing people from a foreign culture entails some challenges of bias. Different cultures are associated with different norms for interacting with foreigners when it comes to initiative, immediacy, and approach. These norms play a role in cross-cultural interviews as it affects the direct relation between interviewer and interviewee. Here again the time spent in the foreign field is a key factor when it comes to understanding the cultural barriers (Kvale & Brinkmann, 2015).

The interviews carried out in the study possess some challenges of cultural bias. First, because not all respondents spoke English, an interpreter was employed to translate those interviews. This interpreter lived in the same area and thus had a relation to most of the interviewees, at least peripheral. During the interviews, sometimes the respondent would make jokes or say something spontaneous in the native language which was not translated as it was considered irrelevant for the interview. This affected the relation between the interviewer and the interviewee negatively as some of the communication got lost in the language barrier. Second, the areas where the interviews were conducted were characterized by strong tribal traditions. In Uganda, 56 indigenous communities are recognized, many of which possess their own language and traditions (Republic of Uganda, 1995). As a researcher coming from a foreign country and culture, it can be confusing to navigate the different traditions and thus to avoid misinterpretation of certain social rules. This can further affect the relation between interviewer and interviewee, and the quality of the interview might decrease hereof. Examples of social rules in the research area was how elder people were referred to as "father" or "mother" to show respect, and how waving in a certain manner is an indicator to get the person to come over. Such rules are relevant to be aware of when conducting qualitative interviews in a foreign cultural setting.

Strengths and weaknesses of the RC model

More and more companies are emerging as collaborators with the farmers in the Mount Elgon coffee region, and the long-term collaboration models build up strong relations between these companies and the smallholder coffee farmers, as the case of Frellsen illustrates as an example. In the RC model, the farmers are meant to gain more knowledge, get better and more secure pay, and occasionally they should receive complimentary inputs for their gardens such as farming tools, manure or livestock to

improve and sustain their production. The findings from the study revealed that farmers demand better tools and resources to be able to improve the quality of their coffee. By improving the quality of the coffee and creating a specialty product, the farmers can set their micro-regions apart as highly sought-after origins and thus increasing their bargaining power on the market (Vicol *et al.*, 2018, Grabs & Ponte, 2019, Wambua *et al.*, 2024).

However, the benefits of creating specialty grades like micro-regional coffee may be captured by local elites who consolidate their positions, reproducing local patterns of inequality (Grabs & Ponte, 2019). As illustrated in the findings of the study, whether someone is part of a farmer group is decisive of their bargaining power in terms of sales. Whether or not a farmer is part of a group seems to be dependent on her or his social resources and relations in the community. If a farmer is not part of a farmer group, she or he is often forced to sell their coffee cheaper to the middlemen operating in the area. But also within the groups a local hierarchy exists. Most farmers don't have access to market information such as the world coffee prices or the conversion ratios of coffee cherries, thus they don't know what to expect or demand in terms of selling their coffee. The group leaders that have connections to the companies and collaborators are often the ones who consolidate power, as they have contact with the people in charge of marketing and thus, they have access to relevant information about the market. It can be difficult to address this issue completely in an RC model as it involves cultural hierarchical structures that are most often invisible to foreign coffee roasters (Grabs & Ponte, 2019). This further underlines the importance of the term relationship in relationship coffee. To hold a sufficient relation with the farmers involves acquainting oneself in the internal dynamics in a farmer community and not just upholding a relation with the group leaders.

Additionally, the findings revealed a large spread in farm gate prices among the farmers in the study. On average, it was estimated that selling parchment is economically beneficial rather than selling the coffee cherries, but the quality of the parchment is dependent on how the farmers have been supervised to do post-harvest processing. This is backed up by a study from an Ethiopian coffee value chain by Musebe *et al.* (2009) which shows that the use of hand-pulpers at farm level can significantly increase the coffee quality, but the benefits and sustainability of hand-pulpers require organized harvesting and good hand-pulper operating skills. It is thus essential that the farmers are sensitized well to do post-harvest processing if they are to obtain a better price for their products. The conversion ratios laid out in the findings of this study correspond well with the findings of similar studies (Sualeh & Dawid, 2013, Musebe *et al.*, 2009).

The impact report (thesis part two) will show an example of how to split value among the operators in the local value chain in an RC model. But still there is room for further improvements when it comes to distribution of value. Some specialty roasters sourcing coffee with the RC approach have begun to buy green beans above market price to avoid exposing the smallholder farmers to the economic insecurities associated with fluctuating prices on the C market and providing them with a more stable price instead (Cuevas, 2021, Grabs & Ponte, 2019). Furthermore, the Uganda Coffee Development Authority (UCDA) works to support the many stakeholders in the coffee value chain by creating a bigger local market for coffee in Uganda. Because all coffee was exported to Europe during the colonial era, the country established more of a tea drinking culture, which has stuck into the post-colonial era. But the lack of a local market means that the country is highly dependent on tendencies on the international market for coffee export. Thus, the establishment of more local coffee markets

will increase the human security in the country. By encouraging more local consumption, the local manufacturing plants are also able to develop their capacity, and local value addition will increase. By increasing the options to process and sell more products to local as well as foreign markets, the producers in the country gain more bargaining power and economic security (Danino, 2023).

Gender aspects

The fact that most women don't own land often means that they are left with the smaller income generators in the family business, like the bananas that are intercropped with coffee. This is backed up by postdoctoral scholar, Beth Ann Williams (2022), who has been studying gendered aspects of coffee farming in Tanzania. Williams points out that the women in her study "*used the crops as a metaphor to critique local patterns of agricultural profit, in which men controlled large income producers such as coffee while women were limited to the smaller gains from subsistence crops such as banana*" (Williams, 2022, p. 144). These local patterns can be overseen in development projects' attempts to increase equality within the coffee value chain.

In the findings, Joyce Atuhaire, the chairperson at AWAN, mentioned an alternative method to increase gender equality in the coffee industry, as she suggested that women be strengthened in the value chain by placing them in processing and marketing jobs where their work is not dependent on the ownership of land. By placing the women in a job that gives them the right to earn their own salary, they will be independent of the earnings from the coffee garden which is owned by men. By establishing a processing facility, run by women, with a shared ownership by the coffee farmers delivering coffee in an RC model, it will thus have a potential to create more gender equality while also creating more interconnectedness among the different links in the value chain, hence eliminating exploitation between production and processing level. Raised to a higher societal level, the additional creation of jobs will reduce the rising issues of unemployment in Uganda.

Human security in the coffee industry

The coffee GVC is still today characterized by huge human insecurities caused by inequalities between producer countries and consumer countries, hence the search for alternative trade models. Coffee production in Uganda was introduced during the era of colonialism. Based on the reviewed literature connecting power dynamics with the coffee GVC, a correlation is discovered between the policies and market structures developed in the British Uganda Protectorate, the post-colonial inequality levels in Uganda, and thus the structural organization of the coffee value chain in the country (Bigsten, 2018, Grabs & Ponte, 2019, De Haas, 2021, Wambua *et al.*, 2019). This relation is further illustrated in the findings that show patterns of local inequality within the coffee value chain in the Mount Elgon region. The fact that inequality levels in the coffee value chain is still high today, 63 years after Uganda gained independence, raises questions of the effect of the development projects that has been applied in the country during the last half century.

Many scholars researching on African decolonization have referred to the fact that most of the former colonies in Africa have not gained peace and equality in their post-colonial states (Bigsten, 2018,

Bowden & Mosley, 2010, De Haas, 2021, Sagar, 2021, Shinyekwa *et al.*, 2016). Post-colonial Uganda has experienced a high degree of internal violence and is now left with a high level of unemployment and inequality within the country. The realization of persistent underdevelopment and internal violence has led to the return of indigenous values within African countries as means to gain peace and order and an African Renaissance (Gade, 2011, AUC, 2015). This return narrative calls for a shift in power relations in GVCs that gives more voice to the global South actors. The creation of RC models should thus integrate listening thoroughly to the indigenous values in the downstream value chain. For example, as mentioned above, more local value addition and creation of local markets could increase national security in the producing countries in case of instabilities on the international market. Additionally, a way to equalize the global power dynamics would be to give a permanent seat to the African continent in the UN Security Council.

The UNDP 2022 Human Security report addresses the increasing threat posed by climate change. The report points out how climatic damage caused by emissions in one part of the world can hit the environment in a different part of the world. The findings of the study have shown how this topic is present in the coffee industry. Even if the farmers take precautions and cultivate their coffee gardens in an environmentally sustainable manner, they are still affected by climate change caused by unthoughtful actions elsewhere. This was proven in the findings by several farmers' reporting of unpredictable and extreme weather events, such as heavy rainfall or long-term drought that negatively affects the yield of the coffee. Furthermore, several studies suggest that Arabica coffee production can even vanish in the long run due to climatic changes such as temperature rising and water deficit (de Freitas *et al.*, 2024, Craparo *et al.*, 2015). This greatly illustrates the interconnectedness between different global actors. Climate change posed by emissions from the global North threatens the economic security of the coffee farmers thousands of miles southward. The trend can even be passed on to other key crop production thus threatening global food security as well (Wake, 2019).

Effects of EU sustainability legislation

As the study has pointed out, regulatory interventions related to international trade can raise certain complications. Thus, it was pointed out in relation to the implementation of the EUDR that it is essential that all stakeholders along the value chain are well informed in the transition phase such that no misunderstandings or mistrust is built up. But is that enough? Even though the EUDR has good intentions, the regulation has experienced much critique since its introduction in 2023. A study by Muradian *et al.* (2025) has analyzed the regulation's theory of change to assess whether it serves as an effective tool to reduce tropical forest loss. According to the EU, up to 90% of global deforestation can be associated with land use changes for agricultural commodity production, and the EUDR was thus invented to eliminate the EU's contribution to this trend. The fact that the European consumption and production of six specific raw materials alone is estimated to increase deforestation with 248,000 hectares per year speaks its own language as an incentive to take matters in own hands (EU, 2023b).

Initially, regulations on forest degradation were based on voluntary and private governance such as REDD+ scheme, but this kind of governance has faced difficulties addressing intractable issues such as overexploitation of natural resources (Muradian *et al.*, 2025). This failure of voluntary agreements to reduce global forest loss speaks in favor of implementing the EUDR. But as the study by Muradian *et*

al. (2025) argues, the theory of change for the EUDR contains some negative features by, among others, having a high level of unilateralism. The notion of EU-driven deforestation in the regulation only refers to land use changes associated with commercial flows linked to EU consumption. Thus, the deforestation associated with dividends of European firms derived from commodity production sold in non-European markets or financial flows from European banks or investment funds – which could finance deforestation processes – are not included in the regulation (Muradian *et al.*, 2025).

The unilateral approach of the EUDR has even created a discourse of a “green colonialism” undertaken by some producer countries, interpreting the regulation as foreign interference in land use policies, creating legal and political conflicts by the regulatory regime of the World Trade Organization (WTO). This shows how sustainability legislation like the EUDR is by some interpreted as, pushed to extremes, a modern type of colonial intervention. By intervening in an area’s political constitution with the purpose of increasing global human security², the intervention might lead to the opposite – increased conflict and insecurity. The frustrations caused by the new legislative demands are reflected both by the farmer interviews of this study and by the general discourse appearing. In 2022, 13 producer countries submitted a letter to the Committee on Agriculture of the WTO, expressing their frustrations concerning the lack of consultation of exporting countries and the high degree of unilateralism in these kinds of policies (Muradian *et al.*, 2025). These frustrations only add to the evidence of underrepresentation of developing countries in international organizations and global decision-making. The awareness of sustainability in terms of trade regulations is highly important and relevant in today’s globalized world, but the frustrations exposed by the producer countries reflect an unequal share of speaking time and influence in the making of these regulations. A deeper understanding of the complex, multiscale causal relationships in investment, production, and consumption networks can help extend the sense of responsibility beyond national levels. To reach the common goals for both environmental, social, and governance sustainability in international trade, we must listen to all parts of the value chain.

Conclusion

All in all, the thesis has shed light on some of the challenges associated with interstate-trade between an African country and a European country, as well as potential solutions. It has presented the market and power structures at stake in the coffee Global Value Chain (GVC) and showed how these global dynamics relate to human security. The coffee GVC is a highly buyer-driven market where the farmers are dependent on trends in consumption patterns for their market access and economic security. These unstable structures have led to the formation of alternative trade models, whereof the Relationship Coffee (RC) model comprises an example. RC is a trade model undertaken by some coffee companies associated with direct communication to growers, providing them with guidance and resources, building multi-year relationships. Thus, this model seeks to eliminate the insecurities associated with the traditional coffee trade. Additional to the formation of alternative trade models in the coffee GVC, the European Union has come up with a number of sustainability legislations to

² Because global human security includes not exceeding the planetary boundaries and reducing the human-caused climate change, thus reducing global deforestation.

improve sustainable trade. The thesis has investigated two of these legislative frameworks, the CSRD and the EUDR, and applied them as a tool to analyze the environmental, social, and governance effects of implementing alternative trade models in the coffee GVC.

Concerning environmental aspects, agroforestry has shown potential to increase soil health, store carbon, and increase coffee quality. The integration of shade trees in the coffee gardens was desired by the farmers interviewed, though they lack knowledge about the long-term effects of trees in the gardens. Additionally, findings have revealed that climate change is increasingly affecting coffee production negatively. These challenges are a global responsibility as the emissions from actors in one part of the world can affect the actors in another part of the world. This could be an incentive to investigate the environmental damage posed by the upstream part of the coffee value chain.

In relation to social aspects, gender inequality is still present in the coffee value chain. Women in Uganda do not typically own land and it is thus essential to empower women through training or by employing more women further up the value chain. Another social aspect concerns the economy. Many smallholder farmers have a low economic latitude and are highly dependent on short-term income, which means they cannot afford to wait to get paid for their coffee. Some companies delay payment by up to half a year which forces the farmers to sell to middlemen for a much lower price. Economic insecurity challenges the coffee quality as the farmers experience high expenses for manure, seasonal workers, pulping machines, and transportation costs.

For governance aspects, the coffee value chain has shown to be associated with a lot of exploitation and misinformation in terms of farm gate prices, standards for conversion ratios, and delivery of payment. The RC model serves as an effort to eliminate these challenges by creating direct links to the farmer societies and building mutual trust with long-term collaboration. The findings showed that the long-term relationship with the buyers was essential for the farmers to build trust.

Finally, the thesis has discussed whether the EU's sustainability legislations promote or hamper the benefits of sustainable trade models in the coffee industry. Some producer countries have argued that the EUDR is a sort of green colonialism whereby foreign interference in land use policies creates legal and political conflicts. The legislation thus touches upon a long-lasting discussion about global power dynamics and underrepresentation of the global South in international decision-making. The thesis argues that when dealing with present geopolitical topics like international trade regulations, it is important to investigate and learn from previous historical eras and give an inclusive voice to all involved actors.

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Impact report

Mount Elgon Coffee: Agroforestry for
People, Ecosystems and Climate



Frellsen
SIDEN 1897



Produced by
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Preface



In February 2025, I visited four villages in the Mount Elgon region of Uganda. The villages are called Bufumbo, Bududa, Buginyanya, and Sipi. These four villages are all hotspots for coffee production, and farmers from these villages are involved with an agroforestry project and with delivering coffee to Frellsen in Denmark. In the following, I will present personal stories from some of the farmers that I visited. Beside telling the stories and showing the faces of those important actors on the ground, who nurse the trees that we rely on for our beloved morning coffee, I will try to place their narratives on the different aspects of sustainability. My intention is to show how creating an alternative trade model based on the building of a long-term relationships with the coffee farmers can benefit all parts of the value chain. Additionally, I will shed light on the challenges that exist in this area to give an authentic image of the reality of coffee farming, the project and how to best work forward to improve future collaboration.

Happy reading!

Challenges and opportunities in the coffee industry

Coffee is one of the most traded agricultural commodities in the world, and it is a source of livelihood for millions of smallholder farmers in the global South, mostly in low-income countries. The coffee industry is a huge and complex machinery of farmers, input suppliers, processing facilities, so-called “middlemen” or brokers, exporters, importers, distributors, and consumers. The longer you are down the chain, the less bargaining power you have and the more you are at risk of economic exploitation. This is where the farmers stand. Their low involvement in the value addition often denies them the opportunity to earn a higher income from their products, and the low income puts them in danger of getting exposed to economic exploitation in the industry. This trend decreases production sustainability and coffee quality in the long run. Furthermore, smallholder farmers often experience delayed payments with waiting periods up to 6 months from coffee delivery (Wambua *et al.*, 2024). This is a precious waiting time for people who have urgent expenses like school fees to pay for their children.

Additional to these challenges, coffee production is exposed to increasing threats due to climate change which has reduced the harvest in recent years and pushed coffee prices to historical heights. Many smallholder farmers struggle to sustain their yields which further exposes them to economic insecurities. Millions of hectares of wild forests have been lost due to agricultural expansion over the past 40 years which has additionally put the climatic conditions in a vulnerable position (EU, 2023). This has been an incentive for the European Union to set up strict regulations for responsible trade that meet the needs for sustainability standards while mitigating further forest degradation. It can though be challenging for the smallholder farmers and the exporting countries to live up to these regulations and sustain the inter-state trade that they rely on as a major income-generator.

To turn these challenges into opportunities, alternative models for coffee trade have arisen over the past years. The agroforestry project at Mount Elgon in Uganda and the relationship trade model that Frellsen has established in this area is an attempt to overcome some of the challenges that the industry and especially the farmers experience. On a legislative level, the collaboration might help both the company and the farmers in living up to the sustainability standards.



Mission and goals for Frellsen

For a company that relies on a long value chain and physical distance between production and consumption, it is essential to show respect, knowledge, and consideration regarding the local community in the production area. The growing signs of both social and environmental destruction caused by human and often corporate activities call for improved corporate responsibility. Frellsen works with sustainability measures under their own concept "BÆREKRAFT". This includes several goals that the company strives to achieve, hereunder to obtain an assortment of 100% certified coffee and chocolate products, and to collaborate with projects where it is possible to source products directly from suppliers. Generally, it is Frellsen's hope to communicate their sustainability results in a way that is transparent to customers and contractors.

In their BÆREKRAFT report from 2024, Frellsen expresses how they work actively with the different ESG (environment, social, and governance) performance topics by measuring the CO₂ footprint of their products, focusing on certified and/or project-based products, concerning about the social impacts for the farmers, and by illustrating the coffee's way from farm through processing and transportation to cup.

Frellsen further mention that they want to contribute to increased productivity and fairer payment to the smallholder farmers, that make up a large percentage of the world's coffee producers and almost all the farmers in the East African region. They wish to achieve this objective partly through the Fairtrade scheme solution, and partly through sourcing products directly from project-based collaborations. Specifically, their report states (translated from Danish):

"In our inter-state trade, we require compliance with the guidelines of the International Labour Organization (ILO). In our selected projects, our collaboration should make significant improvements for the individual coffee farmer and his family."

Frellsen Kaffe, 2024, p. 16

It is therefore interesting to investigate whether and how this objective is achieved or achievable in the circumstances of the Mount Elgon project collaboration.



"Mt. Elgon & Frellsen Coffee



Frellsen Coffee is a family-owned company that trades with coffee and chocolate. Two raw materials that have their origins in some of the world's poorest countries and in areas with a vulnerable nature. Therefore, we decided back in 2018 to support the Seniors Without Border's agroforestry project at Mt. Elgon. The project gave us the opportunity to directly take part in improved livelihoods for the coffee farmers and more sustainable production of coffee. Frellsen Coffee cannot purchase all coffee through own projects, but the preliminary results show that we can make a big difference. Frellsen Coffee thus has decided that, in the future, new groups should be established every second year, so more coffee farmers at Mt. Elgon can experience progress in living conditions and the safety of being a part of our project group.

*Regards,
Henrik Frellsen"*



Reportings from Mount Elgon

With the Mount Elgon coffee collaboration, Frelsen sources coffee from established farmer groups in eastern Uganda. These groups are currently involved with a tree planting project called AfPEC which stands for “Agroforestry for People, Ecosystems and Climate”. The overall purpose of the project is:

“...to document the effects of agroforestry in terms of ecosystem services and livelihood benefits and thereby the potential of agroforestry to fight the two major global crises, climate change and biodiversity loss, and at the same time sustain local communities.”

AfPEC, 2025

The project consists of seven partners. Aarhus University, University of Copenhagen, and Makerere University contribute academic research to the project in multidisciplinary fields. The additional partners consist of the NGOs Seniors without Borders, Youth Leading Environmental Change, and Forests of the World, and a private communication company. Frelsen plays the role of a collaborator on the project building a multi-year trade relationship with the involved coffee farmers in the Mount Elgon region. The project is important for many reasons. The following sections draw on the personal stories and experiences of farmers at Mount Elgon to give voice to the people working with coffee production while at the same time explaining some of the impacts of the AfPEC project, the farmer groups and the trade collaboration.





Kerah and Anna

In Sipi, Kerah lives with her mother, Anna. Kerah is 23 years old and has recently completed a diploma in Crop Production and Management. She is interested in the agricultural science of coffee. Last year, Kerah attended a workshop about the AfPEC project provided by Seniors without Borders in Uganda. She explains about the workshop:



"We had a training last year. It was from the Seniors without Borders. We learnt a lot of things there. We had an agronomist that was talking us through the agronomy of coffee, how to manage coffee so that you can have a better yield. Coffee needs some shade to reduce the transpiration rates. And the leaves from these trees drop and decompose which is good manure for the coffee. Then its roots as well help to bind the soil and reduce soil erosion."

In this course, Kerah learned about the integration of agroforestry systems in the coffee gardens. She feels that such courses are essential for making positive development both in terms of environmental protection and the economic sustainability of coffee production. This is backed up by her mother, Anna. Anna is 59 years old and has been working with coffee production since she was young. Her parents and grandparents worked with coffee as well, so it is an occupation that has been running in the family for many generations. Anna talks about the benefits that come in with educating farmers about modern technologies and sustainable farming practices that can improve soil health and fertility of the coffee gardens:

"New skills have come. In those days of my father and grandfather, they didn't know about organic practices. Now, you may find that in the garden, you are not supposed to dig several times. It will affect the soil and erosion will come. You cannot dig near the coffee trees. You must dig aside not to affect the roots. So, these are some of the skills we have now gotten. Few children were taken to school back in those days of agriculture. But now, children have gone to school. And being educated on agriculture is everything, food and whatever."

Anna underlines the importance of education to improve coffee production. It pleases her to see how her daughter has developed into a talented coffee farmer, possessing more knowledge than she has ever had herself.

With the collaboration, Frellsen has supported the establishment of farmer field learning groups in the area. These groups were initially implemented as a space for the farmers to share experiences and learn from each other, but soon the integration of living labs will further support the farmers with knowledge and skills to implement and maintain sustainable farming practices in their coffee gardens. These are some of the benefits that the trade collaboration offers to the farmers.

Nonetheless, the farmer groups cannot stand alone. Education is key when it comes to sustainable development. And as Anna mentions in the quote above, more children are taken to school nowadays in Uganda. But education is expensive. Anna and her husband have ten children in all. Sending all of them to school requires a good amount of money. School fees are paid every third month of the year, and when that time comes, it is necessary to have the money at hand. This has often pushed Anna and her husband to sell their coffee at a lower price to receive the pay in time. She explains:

“For the middleman, he will find you, maybe when you are in need of money. And at times you can even reach the company, but their money is not there. Automatically the middleman will come. You will just sell at any price because you need the money. He doesn’t have a permanent price; it just varies at that time when he comes. If you had more resources to help you, you could’ve maybe kept that coffee until you were able to get a good price.”

This illustrates what is at stake when a farmer wants to sell coffee. Many households face pressure to meet the cyclical payment of school fees [8]. It seems that the companies operating in the area often take time to pay the farmers back, which makes room for opportunistic middlemen who are able to exploit the farmers when they are at a desperate stage willing to sell their coffee at any price available on the market so they can pay the school fees in time - even though they could’ve gotten a better deal had they been able to wait one or two more months.

The struggles presented by Kerah and Anna are worth considering in relation to funding and the designing of a future trade model.



Joseph

Joseph is the field coordinator in Sipi - one of the villages subject to the AfPEC project. He provides training for other farmers together with an agronomist about how to make quality coffee, and then he acts as the link between the farmer groups and the affiliated buyers. Joseph is 52 years old and lives with his wife, Caroline, and their six children.



According to Joseph, coffee quality is the number one factor that determines the importance of his job as field coordinator. In this regard, he mentions trees as an essential part in making healthy coffee production. This correlates well with the objectives of the AfPEC project. One of the main goals in the project is that the farmers are aware of the benefits of trees in their gardens to gain motivation to maintain the agroforestry systems over time. The AfPEC project focuses especially on native tree species as they have proven to be more resilient.

Joseph is positive about the project and with the trade relation to Frellsen. He welcomes further collaboration as he says:

"We've heard that Frellsen also wants farmers to benefit. They are eliminating the middlemen that cheat farmers. Likewise, the Seniors without Borders have been offering us other things like solar pumped water. They are our friends, so we cannot do without them. We need relations like now, what Frellsen is doing, bringing you to Uganda and share with us."

It is essential in terms of creating alternative trade links to obtain good relations with the farmer societies. But Joseph also mentions inconveniences concerning the establishment of the collaboration with Frellsen. He explains:

"They promised that they were going to buy coffee from us, but they kept very late when the coffee was being done in some parts. But actually, we wish to God that they managed to get what they wanted. But if, for next year, they could be coming early enough, then they will get what they want."

The signing of the contract was delayed due to temporary disagreements with the processing facility which made it difficult for the farmers to reach the target of coffee in the contract. The farmers are loyal and willing to deliver, but timing is key when their coffee is ready, and they need their pay.

Another concept initiated by the Seniors without Borders is the Village Savings and Loans (VSLA) groups. These are farmer groups where the farmers can save money together and help each other to provide loans when they are in need. Caroline, the mother of the family and wife of Joseph, goes to the VSLA meetings every Friday. When the coffee season has ended and Caroline and Joseph need money to pay school fees for their children, they can use the VSLA group to raise a loan. This is a big advantage for the farmer families as it eliminates the need to raise bank loans, which could otherwise be a huge expense because of sky high interest rates in Uganda.

Even though the VSLA groups are a major help to the farmers, there are other means to increase the livelihoods and economic security of the coffee farmers as well. Joseph introduces the concept of second payment:

"After selling your coffee, you get some money. We sell coffee up to February, then March, when we don't have much money left, the second payment comes. It boosts farmers and farmers like it. Even if you are buying coffee at a lower price than the other ones, so long as you give second payment, the farmers will prefer selling to you so that they get that money when they have nothing left."

The second payment is a way of creating a more consistent cash flow, thus providing the farmers with a stable income which is distributed more equally during the season. Some buyers even offer a bonus if it is women who sell the coffee. In that way, the woman might have a higher influence in the family's economy. Even though many women do most of the work in the coffee production, women are not legal owners of land in Uganda due to the cultural heritage of the country. Giving women a better second payment is one way to try to combat gender inequality in coffee production. Joseph explains about the women's position in the industry:

"In our culture, it's the men who own the land. But when we do the trainings, mostly it is women who are there. You know, men pretend to know more, yet they don't know. Women want to learn and do it in the way it is required. Like processing of coffee, most of the work is done by women."



Value Chain Assessment

The processes that happen after harvesting the coffee cherries until the green beans are exported include several steps whereby the quality and price of the coffee is determined. For the exported coffee from the project, these processes are currently undertaken by Budadiri Arabica Coffee Mills Ltd in the Mount Elgon district. In the following, the post-harvest processes undertaken will be presented as well as an examination of the conditions of the trade model agreed on in the contract between Frelsen and the milling station.



From garden to cup...



First, the coffee cherries are weighed and sorted by color.



Then they are pulped and made into parchment. Some farmers deliver the coffee after this process.



The parchment coffee is left to dry in trays for up to two weeks.



Then fermentation takes place.



After fermentation and drying, the coffee beans are hand sorted to remove defect beans.



Next step is measuring moisture content in each sample.



Then the coffee is hulled to remove the husk of the beans. In this process, the beans lose a part of their weight.



Finally, the green beans are run through a machine to be cleaned. Also, the final categorization of quality is measured and sorted in this machine. Afterwards, the beans are put into bags according to their quality grading, ready for export.



Contract details

When Frelsen buys coffee from the farmers at Mount Elgon, the prices are determined by the current market prices for coffee at the time when the contract is signed. For this year, the prices are as shown in the table below, where FOB (Free On Board) price refers to the price of the coffee at the port of export, ready to be shipped. The farm gate price is the price that the farmer is paid upon delivery of parchment. Volume amounts to one container of exported coffee.

FOB price (USD/kg)	Farm gate price (USD/kg)	Volume purchased (kg)
9.05	5.61	20,700

Table 1. Coffee prices.

Frelsen buys 50/50% AA and AB coffee. From coffee parchment to green AA/AB graded beans, there is a conversion rate. This conversion rate is measured during the post-harvest process when the husk is peeled off the parchment cherries and the beans are graded according to color, size, and a number of other quality measures. The different gradings are AA, AB, CPB, and Triage or UG. While AA and AB are considered high quality coffee grades, PB (peaberries) are beans of a slightly smaller size and considered lower quality. UG means Under Grade and refers to the beans that do not meet the minimum quality standards. Each batch of coffee parchment has a certain percentage of each category distributed according to the overall quality of the batch (UCDA, 2025). Parchments are dried beans before the husk has been removed.



In this year's delivery, the percentage of AA/AB coffee graded in secondary processing and exported to Frellsen amounted to 59% of the parchment. This is the amount of green coffee that is paid for in the FOB price. Beyond the 59%, PB and UG make up 18% of the parchment batch. This equals a conversion rate of 77% from parchment to green beans, when the husk has been removed. The table below illustrates the split between different grades in the parchment delivered to the milling station.

	Grade prices (USD/kg)	Percentage of parchment	Green coffee (kg)	Price in total (USD)
AA/AB	9.05	59%	20,700	187,335
PB	6.58	6%	2,175	14,312
UG	3.29	12%	4,035	13,275

Table 2. Share of coffee grades in the batch.

What makes the contract different from traditional coffee trade is the price allocation of the surplus coffee. While Frellsen takes only AA and AB graded coffee from the batch, the PB and UG grades are considered surplus in the contract. To ensure an equal distribution of profit from this surplus, the contract states a share of 75% to farmers and 25% to sellers (the milling station). This pay is calculated after processing and should be paid as an extra bonus return to the farmers. The line graph below shows the distribution among coffee grades in this year's contract. The light green hatched area between 59% and 77%, composing 18%, makes up the surplus amount of coffee beans in the batch. It is out of these 18% the surplus is calculated. Above 77% are the husks of the beans which are here considered to have no commercial value.

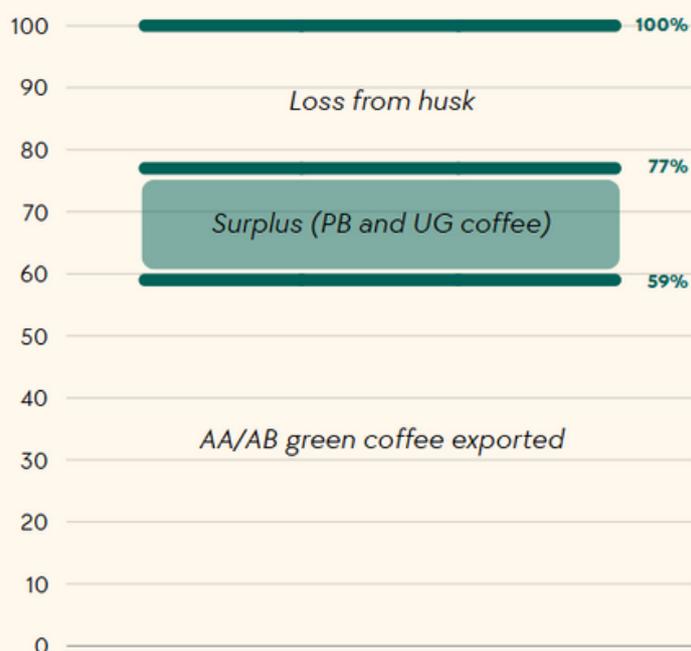


Figure 1. Distribution of different elements from the coffee batch.

The green coffee prices for PB and UG from table 2 are what make up the surplus price. For the whole batch it is:

$14,312 + 13,275 = 27,587 \text{ USD}$

75% of 27,587 USD to farmers: 20,690.25 USD

25% of 27,587 USD to seller: 6,896.75 USD

To ensure this distribution of surplus is split rightly among farmers and seller, the project manager on ground should do check-ins with the farmer groups no later than four weeks after full payment is made by the buyer, as this is the maximum waiting time for payment agreed on in the contract.

Additional to these conditions, the terms of payment in the contract states the following payment allocation:

20% of price paid upon signing of contract

10% of price paid upon loading the truck at seller's warehouse

70% of price paid against presentation of scanned documents at FOB

This differs from traditional coffee trade where the full price is paid at the FOB stage. The prices paid are not above market price, which means the prices are affected by the market conditions at the time when the contract is signed which can fluctuate significantly (Cuevas, 2021). But the special conditions of this contract intend to ensure that the farmers are paid a fair share of the profit, and that the payment is done without further delays or exploitation.



Recommendations

The data collection - interviews with farmers and stakeholders involved in the coffee value chain at Mount Elgon - has revealed important knowledge about the market structures present in the area, and the farmers' needs and concerns in relation to the coffee production. In the following, recommendations for future collaboration based on these findings will be presented. The recommendations will touch upon environmental, social and governance aspects, respectively.

Environmental aspects

- **Agroforestry** - the integration of trees has shown a great potential as carbon storage, protection of the soil, and provision of shade for the coffee thus increasing coffee quality
- **Lack of knowledge** - still many farmers need sufficient teaching about the positive effects of tree planting, to incentivize the long-term integration of shade trees in the coffee gardens
- **Climate change** - global GHG emissions are increasingly affecting coffee production negatively, which is an incentive to investigate more in the emissions coming from the upstream parts of the coffee value chain

Social aspects

- **Economy** - many of the smallholder farmers have a low economic latitude and are highly dependent on their short-term income, which means they cannot afford to wait several months to get payment for their coffee harvest
- **Gender equality** - women in Uganda do not typically own land and coffee due to the cultural heritage of the country, thus it is essential to empower them through training courses or by employing women workers in the processing part of the value chain instead
- **High expenses** - the farmers struggle to meet the basic needs to obtain quality coffee as they experience high expenses for manure, seasonal workers, pulping machinery, transportation costs, and pest control

Governance aspects

- **Farm gate pricing** - the farmers report a variety of prices they receive for their coffee, which calls for a further investigation into the distribution of value along the coffee value chain
- **Relationship building** - a strong and long-term relation between farmers and buyers built on mutual trust, respect, and interest has proven to increase coffee quality

Future hopes

In the previous sections, it has been clarified that the agroforestry project and the trade collaboration between Frellsen and the farmer groups at Mount Elgon possess several benefits for the farmers interviewed. Kerah, who was introduced at the beginning of the report, gives a final remark about the importance of coffee production:

“Coffee is more than a daily ritual because we have always relayed on it. I have been thinking that the coffee farming industry has undergone significant transformations during my lifetime, with advancements in technology and sustainability practices. As the industry continues to evolve, I believe there will be even more innovative approaches to coffee production, processing, and trade. My hopes and vision for the future of coffee farming in Uganda, and what I envision for the industry, is to see more sustainable practices, improved livelihoods for farmers by at least buying their coffee at a fair price because most of the work is being done by the farmer with high expenses on buying farm inputs, increased recognition for Ugandan coffee globally and as well getting better solutions to the challenges being faced in the field most especially on the pests and diseases that are highly affecting the coffee production.”

As this illustrates, there is room for improvement in the coffee production industry in Uganda. Hopefully, Frellsen’s contribution to a fairer trade model, building a long-term relationship with the farmers, will continue to impact the coffee industry in a sustainable direction. Hazra, the chairperson of Seniors without Borders in Uganda, predicts a promising future for the project and trade collaboration with the coffee producers at Mount Elgon as she says:

“Every day you see the transformations. Each time you come here, you see the farmers have moved from point A to B. They’ve transformed their livelihood; they have success stories. It’s a project that you want to see happening year in, year out. Then we have added advantages like the AfPEC project that will come in with free seedlings for the farmers. So, projects like AfPEC that create incentives for the farmers guarantee sustainability. They will continue working with the same groups as you’ve seen. They see a future that we shall continue engaging with them, there are benefits, and in that way, we are also able to protect our contract with Frellsen.”



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