

COFFEE PRICE SLUMP IN UGANDA COFFEE AND WHAT IT MEANS FOR VALUE CHAIN ACTORS (MARCH - JULY 2025)



1.0 INTRODUCTION

Coffee remains the cornerstone of Uganda's agricultural export economy, contributing more than 15% of the country's foreign exchange earnings and supporting the livelihoods of over 1.7 million households (Uganda Coffee Development Authority [UCDA], 2025). Historically, Uganda's coffee sector has experienced fluctuating price cycles tied to global market dynamics. In the late 1990s, farm-gate prices fell drastically following global oversupply and the liberalisation of Uganda's coffee industry, which exposed farmers to international price volatility. A similar price shock occurred in 2018 when Robusta prices plunged below UGX4,000/kg due to market corrections (International Coffee Organization [ICO], 2019). From 2020 to 2023, coffee prices showed an upward trend driven by global supply chain disruptions and increased demand for home-brewed coffee during COVID-19 lockdowns. However, the current price decline between March and July 2025, ranging from 35% to 50% for various grades, signals a new market correction that threatens farmer incomes and sector sustainability (UCDA, 2025; Selina Wamucii, 2025). This report analyses the underlying drivers of the price collapse, its socio-economic impacts, and proposes strategic interventions.

2.0 ABOUT ACSA

The Advocacy Coalition for Sustainable Agriculture (ACSA) is a legally registered national network of 29 civil society organisations (CSOs) operating in 46 districts of Uganda. It collaborates with smallholder farmers to promote sustainable agriculture, market development, environmental conservation, and undertakes research and advocacy to influence favourable agrarian policies. With a **mission** “to empower civil society organisations (both church and non-church actors) working with smallholder farmers to advocate for a favourable agrarian policy environment for sustainable communities”, ACSA envisions “smallholder farmers living in a sustainable environment.” ACSA’s core areas include; Advocacy and Lobbying, Capacity Building, Research and Documentation, Networking, and Partnership Development. The coalition’s objective is to ensure that member organisations and their affiliated smallholder farmers (SHFs) engage in profitable enterprises. Under this mandate, ACSA undertook an in-depth analysis of Uganda’s coffee sector to inform stakeholders and policy actors.

3.0 PRICE TRENDS

3.1 Farm-Gate Prices

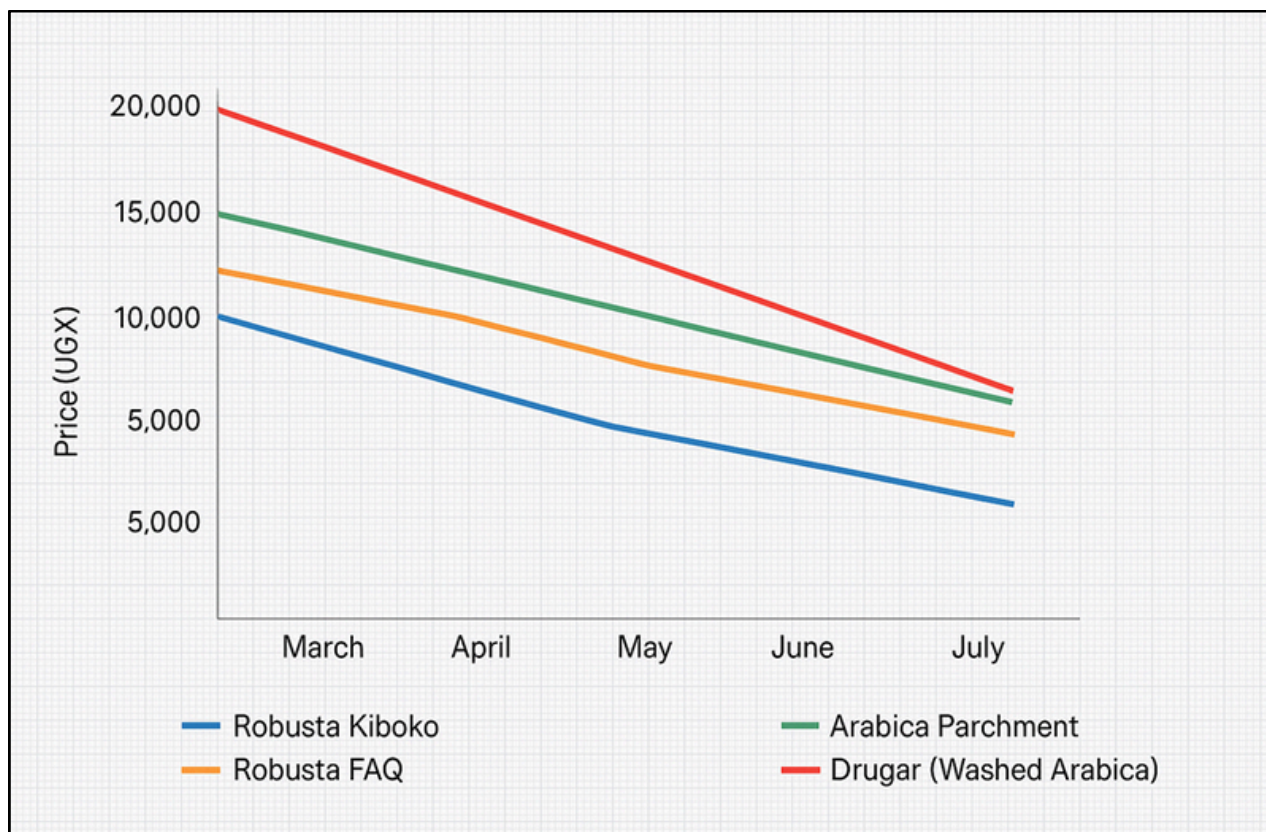
Table 1 summarizes the changes in farm-gate coffee prices for key grades in Uganda between March and July 2025:

Coffee Grade	March 2025 (UGX/kg)	April 2025 (UGX/kg)	May 2025 (UGX/kg)	June 2025 (UGX/kg)	July 2025 (UGX/kg)	% Change (March–July)
Robusta Kiboko	7,800–8,500	7,000–7,600	6,00–6,400	5,000–5,200	5,200–5,500	-35%
Robusta FAQ	15,500–16,000	13,800–14,600	11,600–12,200	10,000–10,800	10,500–11,000	-33%
Arabica Parchment	13,500–14,500	12,800–13,400	12,200–12,800	11,200–11,800	12,000–12,500	-10%
Drugar (Washed Arabica)	19,000–20,000	16,800–17,400	14,200–15,000	10,500–11,000	10,800–11,200	-46%

Table 1 summarizes the changes in farm-gate coffee prices for key grades in Uganda between March and July 2025:



Figure 1: Monthly Farm-Gate Coffee Price Trends in Uganda (March–July 2025)



4.0 KEY DRIVERS OF COFFEE PRICE DECLINE

This section provides a detailed analysis of the global and domestic factors contributing to Uganda’s coffee price downturn.

4.1 Global Oversupply

The global coffee market is experiencing an oversupply crisis triggered by record harvests in Brazil and Vietnam. Brazil, the world’s largest coffee producer, is expected to harvest 65 million bags in the 2025/26 season - an increase of 7% over the previous year due to favourable weather and expanded acreage (Business Focus Uganda, 2025). Vietnam’s Robusta output has also surged to 31 million bags following improved agronomic practices and higher fertiliser usage (UCDA, 2025).

This glut in global supply has depressed international prices for Robusta, which Uganda predominantly produces. Uganda’s position as the eighth largest coffee producer globally exposes it to these external shocks, despite efforts to diversify export destinations (International Coffee Organization [ICO], 2025).

4.2 Futures Market Volatility & ICO Indicators

Coffee futures markets have responded sharply to oversupply forecasts. The LIFFE Robusta September 2025 contract dropped to US\$3.47/kg in July, while the ICE Arabica price declined to 355.05 US cents/lb (~US\$7.83/kg) (UCDA, 2025). The International Coffee Organization (ICO) Composite Indicator fell by 11.8% in June 2025 alone—the steepest monthly decline since 2020 (ICO, 2025).

Speculative trading activity has amplified these price movements. Traders anticipating surplus stock have driven futures prices down further, undermining the earnings potential for exporting countries like Uganda (Comunicaffe, 2025).

● 4.3 Futures Market Volatility & ICO Indicators

Domestically, Uganda's March–May harvest peak created a supply glut at the farm gate. Middlemen and cooperatives struggled to absorb the influx of Robusta cherries and parchment coffee. In western Uganda, dealers reported unsold inventories exceeding 700 tonnes, resulting in liquidity challenges and lower purchase offers to farmers (Monitor, 2025).

This seasonal pressure coincided with falling global demand, compounding the price decline and exacerbating the vulnerability of smallholder farmers reliant on coffee as their primary cash crop.

● 4.4 Exchange Rate Appreciation

Between May and June 2025, the Ugandan Shilling appreciated modestly from UGX3,669 to UGX3,653/USD (+0.4%). While beneficial for importers, this currency strengthening reduced the local currency value of coffee exports, even where dollar-denominated prices remained relatively stable (Kikubo Lane, 2025). This trend highlights the sensitivity of Uganda's coffee economy to macroeconomic variables, particularly exchange rate fluctuations.

● 4.5 Value-Chain Inefficiencies

Farmers receive only 15–25% of the final retail value of coffee consumed domestically or exported. Selina Wamucii (2025) reports that urban retail prices range from US\$9.16–23.98/kg (~UGX35,217–92,229/kg) in Kampala and Jinja—up to nine times higher than farm-gate prices. This persistent inequity reflects structural inefficiencies in the value chain. Downstream actors (processors, roasters, retailers) capture the largest margins, leaving smallholder farmers exposed to global market volatility without commensurate returns.

5.0 SOCIO-ECONOMIC IMPACTS

- **Farmer Vulnerability:** Incomes have declined sharply, constraining household food security, education, and health expenditures (Monitor, 2025).
- **Trader Liquidity Stress:** Dealers face capital constraints due to stagnant inventories and limited cash flow for new purchases (Business Focus Uganda, 2025).
- **Export Sector Pressure:** Shrinking margins reduce Uganda's competitiveness in international coffee markets (Selina Wamucii, 2025).

6.0 RECOMMENDATIONS

To stabilise Uganda's coffee sector and safeguard smallholder farmer livelihoods, a multi-stakeholder approach is required. Each recommendation below identifies key actions and assigns practical roles to relevant actors.

● 6.1 Strengthening Quality and Certification Systems

Uganda must prioritise production of high-quality, traceable coffee to access premium markets and reduce dependency on volatile commodity prices.

- **Government (Ministry of Agriculture, Animal Industry and Fisheries [MAAIF]):** Provide policy incentives for farmer cooperatives investing in wet mills and quality-enhancing infrastructure.
- **UCDA:** Scale up extension services to promote post-harvest handling best practices, such as proper drying, grading, and storage.
- **Farmer Cooperatives:** Invest in certification schemes (e.g., Fairtrade, Rainforest Alliance) and adopt traceability technologies to meet speciality coffee market requirements (UCDA, 2025).
- **Development Partners:** Fund farmer training programmes and subsidise access to quality improvement tools for SHFs.

● 6.2 Promoting Domestic Value Addition

Uganda captures only a fraction of the value from coffee due to its reliance on green bean exports. Promoting local roasting and branding can increase farmer earnings.

- **Private Sector (Roasters and SMEs):** Expand investments in micro-roasteries, packaging, and domestic distribution channels.
- **Government (Uganda Investment Authority):** Provide tax incentives and affordable financing to agro-processors venturing into coffee value addition.
- **CSOs (e.g., ACSA):** Facilitate linkages between smallholder farmer groups and domestic roasters to integrate them into local supply chains (Selina Wamucii, 2025).
- **Financial Institutions:** Design credit products tailored for small-scale coffee processors and roasters.

● 6.3 Risk Mitigation through Market Instruments

Uganda's smallholder farmers lack tools to hedge against global price fluctuations, leaving them vulnerable to income shocks.

- **UCDA and Uganda Cooperative Alliance:** Pilot forward contracts and explore price stabilisation schemes for farmer cooperatives.
- **Government (Bank of Uganda):** Assess feasibility of establishing a Coffee Price Stabilisation Fund to cushion farmers during price crashes (Business Focus Uganda, 2025).
- **Farmer Cooperatives:** Organise collective marketing to enhance bargaining power and reduce price volatility risks.
- **Development Partners:** Support market linkage programmes with transparent, long-term supply agreements between farmers and buyers.

● 6.4 Enhancing Market Transparency and Intelligence

Timely, accurate market information enables farmers and traders to make informed decisions and negotiate better prices.

- **UCDA:** Strengthen its market information system to disseminate real-time price updates, demand forecasts, and export trends via SMS and radio (Uganda Coffee Development Authority [UCDA], 2025).
- **Telecom Companies:** Partner with UCDA to deliver affordable mobile-based market information services to remote farming communities.
- **CSOs (e.g., ACSA):** Facilitate farmer trainings on market literacy to reduce exploitation by middlemen.

● 6.5 Improving Access to Affordable Finance

Most SHFs lack the capital to invest in productivity and quality improvements.

- **Government (PDM & Uganda Development Bank):** Provide low-interest agricultural loans targeting coffee value-chain actors.
- **Financial Institutions:** Develop farmer-friendly loan products with flexible repayment terms aligned to coffee harvest cycles.
- **CSOs:** Mobilise savings and credit cooperatives (SACCOs) to channel financial resources directly to SHFs.
- **Development Partners:** Offer credit guarantees to reduce lender risk in agricultural financing.

● 6.6 Policy and Institutional Coordination

Uganda's coffee sector requires coordinated action from multiple stakeholders to respond to global price shocks effectively.

- **Government (MAAIF and UCDA):** Review and implement the National Coffee Policy with provisions for climate resilience and market diversification (Monitor, 2025).
- **CSOs and Farmer Unions:** Advocate for farmer representation in national coffee policy formulation forums.
- **Private Sector:** Align export standards to emerging international market requirements to ensure Uganda remains competitive.

● 6.7 Diversifying Export Markets

Uganda currently relies heavily on traditional export destinations, leaving it exposed to market fluctuations in a few regions.

- **Uganda Export Promotion Board (UEPB):** Explore new markets in Asia and the Middle East for Ugandan Robusta and Arabica coffee.
- **UCDA:** Support branding initiatives for Ugandan speciality coffees to penetrate niche markets.
- **Embassies and Trade Missions:** Facilitate trade agreements and promotions for Ugandan coffee in emerging economies.

Table 2: Summary of the recommendation framework

Stakeholder	Focus Area	What Should Be Done
Government	Policy and Financial Support	<ul style="list-style-type: none"> • Provide tax incentives for coffee value addition investments. • Establish a Coffee Price Stabilisation Fund to cushion farmers during global price shocks. • Expand affordable financing mechanisms for value chain actors through Uganda Development Bank and Parish Development Model (PDM).
Ministry of Agriculture Animal Industry & Fisheries	Quality Enhancement & Market Intelligence	<ul style="list-style-type: none"> • Scale up extension services for improved post-harvest handling. • Support farmer cooperatives to adopt certification schemes and traceability systems. • Strengthen market information systems for real-time price and export trend dissemination.
Farmer Cooperatives	Quality and Collective Marketing	<ul style="list-style-type: none"> • Organise farmers into strong cooperatives for collective bargaining and marketing. • Invest in wet mills and drying facilities to meet speciality market requirements. • Engage in long-term supply contracts to reduce exposure to price volatility. • Invest in value addition to sell to the final producer.
Private Sector	Value Addition and Market Expansion	<ul style="list-style-type: none"> • Expand investments in local roasting, packaging, and branding to capture domestic and regional markets. • Build partnerships with farmer cooperatives to ensure a sustainable supply of high-quality beans.
Civil Society Organisations (e.g., ACSA)	Advocacy and Capacity Building	<ul style="list-style-type: none"> • Facilitate training for farmers on sustainable practices, quality standards, and market literacy. • Advocate for farmer-friendly agrarian policies and equitable value chain participation. • Link smallholder farmers (SHFs) to processors and domestic roasters. • Promote consumer education and awareness for mindset change to increase domestic consumption of coffee.

Development Partners	Infrastructure and Risk Mitigation	<ul style="list-style-type: none"> • Finance rural infrastructure (e.g., roads, storage facilities) to ease market access. • Provide credit guarantees and support hedging instruments to manage price risks. • Support market linkage projects that connect SHFs to high-value international buyers.
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7.0 CONCLUSION

Uganda’s coffee price downturn is largely a consequence of global oversupply and market corrections. However, domestic structural weaknesses amplify these external shocks. By investing in quality, enhancing market access, and strengthening value-chain equity, Uganda can shield its coffee sector and ensure sustainable incomes for smallholder farmers.

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