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For Arabica Coffee from Mount Elgon, Uganda 2025

FAIRCHAIN FOUNDATION

ABOUT THE MOUNT ELGON REGION

In the east of Uganda, you will find an old volcano: the Mount Elgon. Surrounding the old volcano, home to the Bagisu people, a landscape has developed that is beyond beautiful. Between green forests, small rivers, and steep hills grow maize, Irish potatoes, barley and wheat. If you take a closer look, you will find that the hills are covered by houses with small plots of land: the coffee farms of Mount Elgon.

Despite its beauties, Mount Elgon is economically one of the poorest regions of Uganda, with 40% of its population living in poverty. The area is known for its large households, poor infrastructure, and land fragmentation. Farm sizes have been shrinking as families subdivide their plots to pass onto their children, limiting access to land to both the young and to women. Besides that, the farmers are struggling with the effects of climate change, causing pests, changing weather patterns, and annual mudslides.

Nevertheless, in the face of these struggles, the small-holder farmers from the Mount Elgon region are optimistic about the future, which is visible in all the farmer initiatives: saving groups, tree nurseries, bee-keeping and so on.

Coffee is the biggest hope of the region, as 80% of the population is involved in farming and coffee is their main cash crop.

7.4 PERSONS

MAKE AN AVERAGE HOUSEHOLD

0.38 HA

AVERAGE FARM SIZE

40 %

OF POPULATION LIVES IN POVERTY

WHAT THE LIRP?

The FairChain Way Of Thinking

Fact: the global trading system for agricultural products is broken. One of the ways of fixing it, is to pay our producers a price that affords them a decent and worthy life. We call this price a Living Income Reference Price (LIRP).

For FairChain, the LIRP is the true price that should be paid for a product so that the farmer and her or his hired laborers earn enough to afford their fundamental human rights: a decent house, good education, healthy food, medical care, and all other costs that are needed for a good life. Furthermore, a FairChain LIRP is based on full-time farming, using sustainable practices and an optimised business model with no negative social externalities.

The route towards this business model is a shared responsibility between the farmer, the buyer, and (local) government. This also means that without efforts to realise such a business model, a living income is not guaranteed. We choose to be radically honest. We therefore encourage companies to come up with strategies and programs to support farming communities to achieve the optimized business model.

Meet the founding farmers

The FairChain-LIRP method has been carefully developed, designed and tested together with a team of local experts: the farmers themselves! A big thank you to: Kusolo George, Watalunga Justine, Weboya Lawrence, and Mauchi Fred.

From the FairChain Foundation, Jurrian Veldhuizen and Manon Peek have been actively involved in facilitating the process.

HOW WE CALCULATE THE LIRP

The FairChain Method

We do not believe in the traditional methodology that uses complex ways or endless surveys of trying to know every detail of a farmer's work and life. We believe that we should include the farmers in both the questions we ask and the answers we give.

On the 31st of May and 1st of June we welcomed 6 farmers, 4 field officers, and 2 local coffee experts to our interactive LIRP calculation session held in Mbale, Uganda. By using real-life experiments, practical exercises, interactive dialogues and consensus-based methods, we were able to gain input using the following parameters used to calculate the LIRP:

1. **Sustainable target yield**
2. **Full-time farmer land size**
3. **Income from other crops**
4. **Production costs**
5. **Farmer's salary**

We use the following formula to calculate the LIRP:

$$\frac{\text{Farmer's salary} + \text{Production costs} - \text{Income from other crops}}{\text{Target yield} \times \text{Full-time farmer's land size}} = \text{LIVING INCOME REFERENCE PRICE}$$

LIRP ARABICA COFFEE MT ELGON

14.911 USH *

FOR 1 KG OF ORGANIC DRIED PARCHMENT - FARMGATE PRICE

This reference price is based on a optimized business model, meaning that when this price is paid to coffee farmers NOW, most farmers do not receive a living income. The price for 1 kg of coffee to guarentee a living income for most farmers with current farming practices is **24.958 USH** for 1 KG of organic dried parchment. We therefore encourage companies to come up with strategies and programs to support farming communities to achieve the optimized business model.

MAY 2025

1. YIELD

The sustainable target yield is determined according to a model farm that is created by farmers and local experts together.

They determined how many coffee trees fit on 1 acre and how many berries grow on 1 tree on average when adopting sustainable and best farming practices.

Current yield

Currently, the average yield is **1446** KG of berries per acre per year. Why the big gap between the current and target yield? When farmers have access to the right farm inputs and employ good organic practices, their productivity levels can increase a lot.

Target yield

648

TREES PER ACRE

5

KG BERRIES PER TREE

3238

KG BERRIES PER ACRE

2. FULL-TIME FARMER'S LAND SIZE

Based on the target yield, this is the average size of land that one full-time farmer can manage.

The full time farmer's land size is based on a hypothetical situation in which the farmer manages all land by themselves, except during harvest time. In reality, we know that most farmers share their work between family, friends, neighbours and hired labourers.

2,1

ACRE

3. INCOME FROM OTHER CROPS

Coffee grows best when it is carefully intercropped. Our method takes into account the generated income from a maximum of 2 other cash crops. Under the condition that these cash crops co-exist well with coffee (in other words: they have a neutral or positive effect on the coffee yield).

According to the farmers and experts, who have the local expertise of farming with the same soil and weather conditions, you need banana trees and beans to grow excellent coffee in the Mount Elgon region. Bananas provide the necessary shading and beans shed minerals providing nutrition for coffee trees. Currently most farmers already employ the practice of intercropping coffee with banana trees and beans.

For a model coffee farm, the farmers and experts believe this should be the target income from other crops:

5.852.771 USH
FROM BANANAS PER ACRE PER YEAR

313.541 USH
FROM BEANS PER ACRE PER YEAR

4. PRODUCTION COSTS

The production costs are for organic coffee farming and based on the farmer employing best practices.

The costs shown on the left are the production costs for a full time farmer's land size (2.1 acre).

"Hired labour" refers to the workers tat are being hired during harvest time to help with picking, sorting, washing, pulping, and carrying.

Fertilisation costs include costs for applying organic manure.

Tools and equipment include costs for a pulping machine, drying tables, drying mats, pruning scissors, a panga, etc.

The other costs include inputs (seeds & trees), pest management, transport, administration & communication, and unforeseen.

13.989.860 USH
HIRED LABOUR

Included is a living income salary for the hired workers,.

4.210.611 USH
FERTILISATION

889.928 USH
TOOLS & EQUIPMENT

1.218.104 USH
OTHER COSTS

5. FARMER'S SALARY

WHO guidelines, dietary requirements, generalized market prices, we do not believe that we should determine what a farmer needs. The farmer knows best. The salary of a farmer is therefore determined by the farmers themselves, taking into account their needs of a decent house, good education for their children, a preferred diet, the necessary healthcare, the right savings, and all other costs that go hand in hand with a worthy life. During our session the farmers and experts came to a consensus of the following living income benchmark:

1.076.386 USH

PER MONTH

Sources used

Morjaria & Sprott: Uganda Arabica Coffee Value Chain Opportunities (2018).
Uganda Bureau of Statistics (UBOS) (2018).
SHIFT: Sustainable Living Incomes Uganda (2021).

Farmers & local experts

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Was anything unclear?
Do you have feedback?
Want to know your LIRP?
Or have a chat over a (TRUE-priced) cup of coffee?

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Collaboration between: