



LIRP REPORT: ARABICA COFFEE x UGANDA



TYPE OF LIRP
GENERIC



PRODUCT
**COFFEE (ARABICA)
- ORGANIC**



COUNTRY
UGANDA



YEAR
2025

Living Income Reference Price report

What is a Living Income Reference Price?

Fairtrade has developed a holistic price discovery model for establishing Living Income Reference Prices (LIRP), which constitutes an integral part of its Living Income Strategy.

A LIRP indicates the price needed for a full-time farmer with a viable crop area and a sustainable productivity level necessary to earn a living income. The model is derived from the universal human right for everyone who works to receive a just and favourable remuneration, ensuring an existence worthy of human dignity.

Type of LIRP and applied methodology

Living Income Reference Prices can be generic for a target origin or supply chain specific, depending on the scope of the research. This report outlines the review of a generic LIRP for **organic arabica coffee** in **Uganda**, first established in 2022.

For this in-depth review, a technical roundtable was set up with coffee farmer representatives and other local experts. The original values established for each the key variables in the LIRP model were carefully assessed and updated or adjusted according to the current reality of coffee farmers in the country.



The Living Income Reference Price variables

The Living Income Reference Price model is based on four key variables:

1. Living Income Benchmark:

A living income is defined as sufficient income generated by a household to afford a decent standard of living for the household members. Elements of a decent standard of living include: a nutritious diet, decent housing, education, healthcare, transport, clothing, other essential needs, and a provision for unexpected events.

The living income benchmark for a typical **7**-member household with **4** adults of working age was updated to UGX **22,525,100** per year, based national consumer price index statistics.

It was agreed that only **2** adults in the household are usually dedicated to coffee farming, therefore expecting to generate **50%** of the cash household income from coffee. Besides, a farmer household grows approximately half of their food needs on the farm. As a result, the net cash income expected from coffee is UGX **8,278,000**.

2. Sustainable Yields:

A sustainable yield is a realistic target productivity level that can be attained when sustainable agricultural practices are implemented, considering the local context, conditions and common production methods.

The sustainable yield for organic arabica coffee in Uganda was lowered to **512** kg of dried parchment (**2,560** kg of cherry) / acre. This was considered to be a more realistic productivity level achievable in the short term.

3. Viable Crop Area:

In accordance with the universal human right to remuneration, for work that is enough to ensure an existence worthy of human dignity, every worker deserves a "living wage" that is

enough to ensure a decent standard of living. This principle applies equally to self-employed full-time farmers, who should also be able to earn a living income from their farm revenues. Following this guiding principle, a coffee area that is large enough to absorb the available household labour is considered a viable crop area for a household to fully depend on the crop revenues to generate a living income. Smaller plots should warrant a proportionate share of income. On average, a typical farmer household in Uganda dedicates **50%** of their available time to coffee farming and is thus expected to generate **50%** of their cash income from the sales of their crop.

A viable crop area to absorb **50%** of the household labour is therefore **1.8** acres.

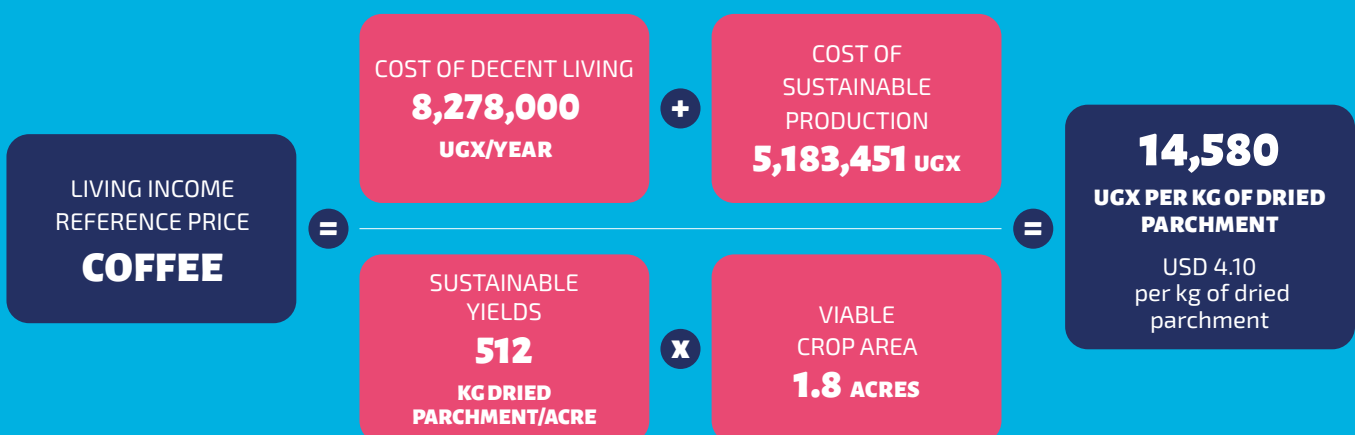
4. Cost of Sustainable Production:

The cost of sustainable production is calculated based on the crop investments needed to produce sustainably and reach the agreed target yield. Hired labour remuneration is factored in at a living wage, so that the Living Income Reference Price not only enables smallholder farmers to earn a living income, but also to pay their workers a living wage. The following table presents an overview of production costs:

COST TYPE	UNIT	VALUE
Input costs	UGX / acre	1,150,000
Hired labour costs	UGX / acre	816,000
Other variable costs	UGX / acre	422,400
Fixed costs	UGX	876,500
Total costs	UGX	5,183,451

The Living Income Reference Price

With the variable values defined above, the LIRP for arabica coffee from Uganda at farmgate was calculated as:



Based on average organizational and export costs, the LIRP equivalent at FOB level is estimated at USD **2.90** per pound of green bean equivalent (GBE)