

## The Coffee Gardens 2019/20 Social & Environmental Impact Report

The Coffee Gardens was established in 2017 with the goal of producing specialty coffee in an ethical way, offering a transparent and direct link between coffee farmers and coffee consumers. At the heart of our business model is the concept of the “triple-bottom-line” - where economic, social and environmental goals are equally valued and prioritised. For a specialty coffee company, a healthy environment and motivated farmers are crucial to producing high quality coffee cherries. Conversely, environmental degradation and high levels of farmer vulnerability are a threat to our success and future.

This impact report allows us to share the work we are doing to achieve our social and environmental objectives. As a young company, we are some distance from achieving our impact at the scale we wish to see; however, we believe that it’s never too early to start. We hope our partners will support us in achieving our mutual goals, as we work together to produce great coffee and improve farmer livelihoods.



### Farmer Incomes

The Coffee Gardens has 298 registered farmers, 246 of whom have delivered coffee in the 2019/20 season - an 83% loyalty rate. On average, each farmer delivered 550kg of coffee cherry and earned 800,000 UGX / \$220 including an end-of-season bonus. Our farmers earn between 16-34% more than if they supply mixed coffees to local traders. The majority of our farmers live in high, hard to reach areas with limited market access, and would otherwise have earned 600,000 UGX / \$165 from supplying local traders. By working with us, farmers were also able to earn additional incomes by transporting coffee from their gardens to our processing station.

In Eastern Uganda, due to a rapidly growing population and the tradition of dividing land amongst male heirs, most farmers have very small plots to grow coffee. Our agronomists estimate that our partner farmers operate at around 30% productivity and so improving yields is key to improving farmer incomes. As part of the MasterCard Fund for Rural Prosperity program, five of our field staff were trained by agronomists from Great Lakes Coffee, and went on to train 140+ farmers on a regular basis over the course of June - October 2019.

*2020 Targets: We plan to work with 600 farmers in 2020, who will all be enrolled in our training programs, supported by Great Lakes Coffee. These agronomy training programs will result in increased yields due to better practices and reduced losses due to disease control. We will provide partner farmers with access to high quality agri-inputs and training on how to use them appropriately. We anticipate that tackling coffee berry disease, which heavily affects many of our farmers, can improve yields by up to 25%. We can purchase all red cherries grown by the 600 farmers, so improvements in yield will be readily absorbed without a reduction in price.*

## **Farmer Livelihoods**

We believe that increasing incomes alone does not necessarily result in improved livelihoods. Finances are not always well managed and improvements in earnings are often accompanied by unintended side effects, such as increases in unplanned children, which can place further strain on already tight finances. We see the need to work with farmers to reduce vulnerability and improve livelihoods - building a network of strong suppliers.

Last October, we conducted a financial literacy training where 60 farmers were able to discuss coffee as a business, share their income and expenditure information, and calculate the profitability of selling coffee to different types of buyers. For many, this was the first time they had done such an exercise, and found it extremely valuable. Unfortunately, every year many farmers pre-sell their coffee to local traders to access much needed funds. Pre-selling means that farmers receive money for their whole coffee garden before the harvest, irrespective of the ultimate yield, and so only receive a small proportion of the value of their coffee. This traps farmers in a vicious cycle of poverty and discourages improvements in yield and quality.

*2020 Targets: We will extend our financial literacy training to all registered farmers, covering planning, household decision-making and savings. We plan to provide small amounts of low-interest pre-season finance to farmers, who will still receive the above-market rate offered by The Coffee Gardens at the time of harvest - therefore unlocking the full value of their coffee. This should result in an estimated three to four-times increase in farmer incomes, when compared to farmers forced to pre-sell. In partnership with Marie Stopes International, our farming community will receive family planning outreach programs to improve reproductive health.*

## **Rural Employment**

The Coffee Gardens' processing station is located in a rural, hard to reach area, 25km from the nearest tarmac road. One advantage is that we create a large amount of employment for the adjacent farming community - both off-season construction work and on-season work in our processing station. In addition, around 70 farmers, both men and women, are engaged as "runners" to transport coffee from high altitudes to the station. Further, we have observed the establishment of savings-groups amongst workers and the growth of local businesses in the community, such as small restaurants, shops, and rentals, leading to further economic opportunities.

*2020 Targets: We expected to increase our local workforce from 100 in 2019/20, to 200 in 2020/21, with a roughly 50:50 gender split.*

## **Gender Equality**

Attitudes towards gender equality are particularly challenging in the east of Uganda, where women are often excluded from household-level decision making or owning land, and are restricted in their ability to earn an income. We have made a considerable effort to address this, and 20% of our registered farmers are women. Some of these farmers are widows, some have bought their own land, and others share land with their husbands but take the leading role - and all are able to have control over their own incomes.

*2020 Targets: Most of our registered high altitude farmers are men, indicating more traditional values in the harder to reach areas. We plan to increase the proportion of female registered farmers (and thus women increasing their control over their income) by using a gender sensitive approach to our activities. This includes requiring that both men and women from each household attend our training programs, and training farmers on the benefits of gender equality in household decision-making and planning.*

## Transparency & Traceability

The Coffee Gardens works hard to ensure transparency with our farmers and the full traceability of their coffee. Farmers receive a receipt for every transaction which ensures that they receive all of the money owed and are able to improve their record keeping, and thus future planning. We provide all registered farmers with individual booklets that contain our contract and are used to record all transactions, which must be returned to redeem bonuses (to encourage their use). Our team uses a mobile app for farmer registration (including GPS) and to record all transactions (including weight, price and photos of receipts) which are linked to the farmer. Farmers with mobile phones (roughly 50%) are sent SMS updates informing them of price changes, training events, and other information. Our farmers have responded extremely positively to these steps.

*2020 Targets: We plan to further integrate our systems and send farmers an SMS each month with a summary of their coffee purchases and earnings. We hope that this will prevent fraud as we grow and help farmers keep track of their income during the season. We will also use our existing app to collect monitoring information on farmers' household indicators, coffee production and attendance at training events.*

## Environmental Protection

In Eastern Uganda, extensive deforestation and land degradation is resulting in erosion, soil infertility and fatal mudslides. The Coffee Gardens, Swedish NGO Vi Agroforestry and the Sironko District Farmers Association have partnered to provide farmers with the necessary training and trees to reverse this. Indigenous shade trees, in particular, are crucial for soil and water conservation and to allow coffee to ripen slowly under protective shade. Over the course of 2019, we jointly conducted two multi-day practical training sessions focusing on tree planting and sustainable agricultural practices. Over 100 farmers attended and received 2,000 various tree seedlings. Subsequently, we established a community group of 10 volunteers who planted 20,000 seeds provided by Vi Agroforestry, and who will be paid for each healthy seedling that can be provided to farmers.

*2020 Targets: We plan a significant tree distribution program, including fruit, indigenous shade and fast growing varieties, accompanied by extensive agroforestry training.*

