



IMPACT & TRANSPARENCY REPORT 2021/22



THE COFFEE GARDENS
DIRECT. ETHICAL. SPECIALTY.

INTRODUCTION

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 drinkers.

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. A healthy environment and motivated farmers are crucial to producing high quality coffee, while environmental degradation and farmer vulnerability are a threat to our future.

This Impact & Transparency Report allows us to share the work we do with our farming community, the breakdown of the costs directly associated with producing our coffee, how much our farmers earn and who our partners are. This report also illustrates the number of people involved in the different stages of our coffee production, offering an insight into their contributions.



IMPACT

Our training and services are crucial in supporting farmers to increase incomes and yields, improve the sustainability of their practices and to reduce vulnerability.

In our farming community, the average household size is 7.5 individuals. For smaller farmers, coffee income is insufficient to cover their basic needs, and all coffee farming households have to engage in other forms of income generation, such as selling milk, eggs and crops.

We have partnered with Solidaridad Network to deliver a range of diverse training programs and activities for our farmers to improve livelihoods and resilience - beyond just coffee growing. This work was also funded in part by the Rabo Foundation.

PARTNER FARMERS

550 registered farmers

70% delivered coffee
during the season

21% of our farmers are
women

COFFEE INCOME

- Farmers choose to supply us not only because they earn higher incomes, but also because we are totally transparent: we provide receipts for each coffee delivery, issue farmer booklets and contracts, and send SMS price updates.
- We are more than a coffee buyer, we are a reliable and consistent partner from the start of the season until the end.
- On average, each farmer delivered 634 kg of coffee cherries and earned \$414 (including the end-of-season bonus).

27%

increase in volume
supplied

>100%

increase in income
compared to the
previous season

Economic inequality is a challenge: 71 farmers (18%) delivered 65% of our coffee, earning an average of \$1,400 each. Only 8 of these farmers are women. On the other hand, 158 farmers (41%) delivered 200 kg or less - collectively providing less than 5% of our coffee and earning an average of \$52 each.

This is why our social and environmental programs are important: for the smallest farmers, even large price increases do not make a life-changing impact. However, training and services can.



ENVIRONMENTAL PROTECTION

- 214 farmers were trained on more sustainable practices, including soil management and protection of water sources
- 8,300 tree seedlings were distributed (funded by Rabo Foundation):
 - 30% indigenous shade ideal for coffee growing
 - 40% fast-growing for firewood and building, to preserve slow-growing species
 - 25% fodder bushes against soil erosion and for cattle feed
 - 5% grafted mangoes and oranges to improve nutrition

EMPLOYMENT & LIVELIHOODS

- 227 people (34% women) are hired from the local community to carry coffee and work at the station during the season
- 272 farmers were trained on good agricultural practices, agroforestry, and group dynamics, including 50 women and 136 youth
- 15 farmers took part in a diversification pilot growing improved bean seeds

FINANCIAL INCLUSION

- 39 farmers received zero-interest loans of \$4,800 (an increase of 500% from the previous year)
- 15 farmers saved over \$5,200 with us during the season, withdrawing their money at a later time
- Farmers received an end-of-season bonus at a time when harvests are low

Research conducted by Master's students from the London School of Economics in 2022 found that our practice of offering women and men equal employment opportunities is creating a positive example in the community

PURCHASING POLICY

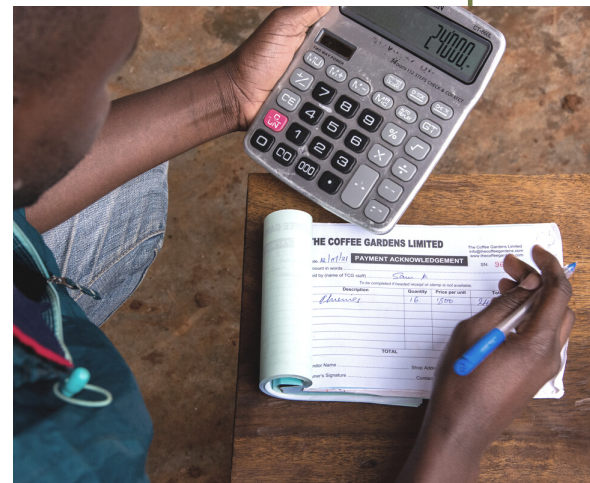
Transparency is the most important pillar of our relationship with our farmers, and is key to building loyalty. We provide each with a contract, a buying-record booklet, receipts for every transaction, and we communicate price changes via SMS.

In the past, in order to incentivise better quality coffee, we paid a minimum of 100 UGX (\$0.03) per KG more than the local market rate (dictated by the multinational coffee companies). Over the past few years, there has been significant volatility in coffee prices, due to the international prices more than doubling since 2020.

The Ugandan coffee market has few regulations and so this increased demand has resulted in lots of distortionary activities, encouraging farmers to sell their coffee to the highest bidder. This often means short-term price hikes that cause disruption across the mountain.

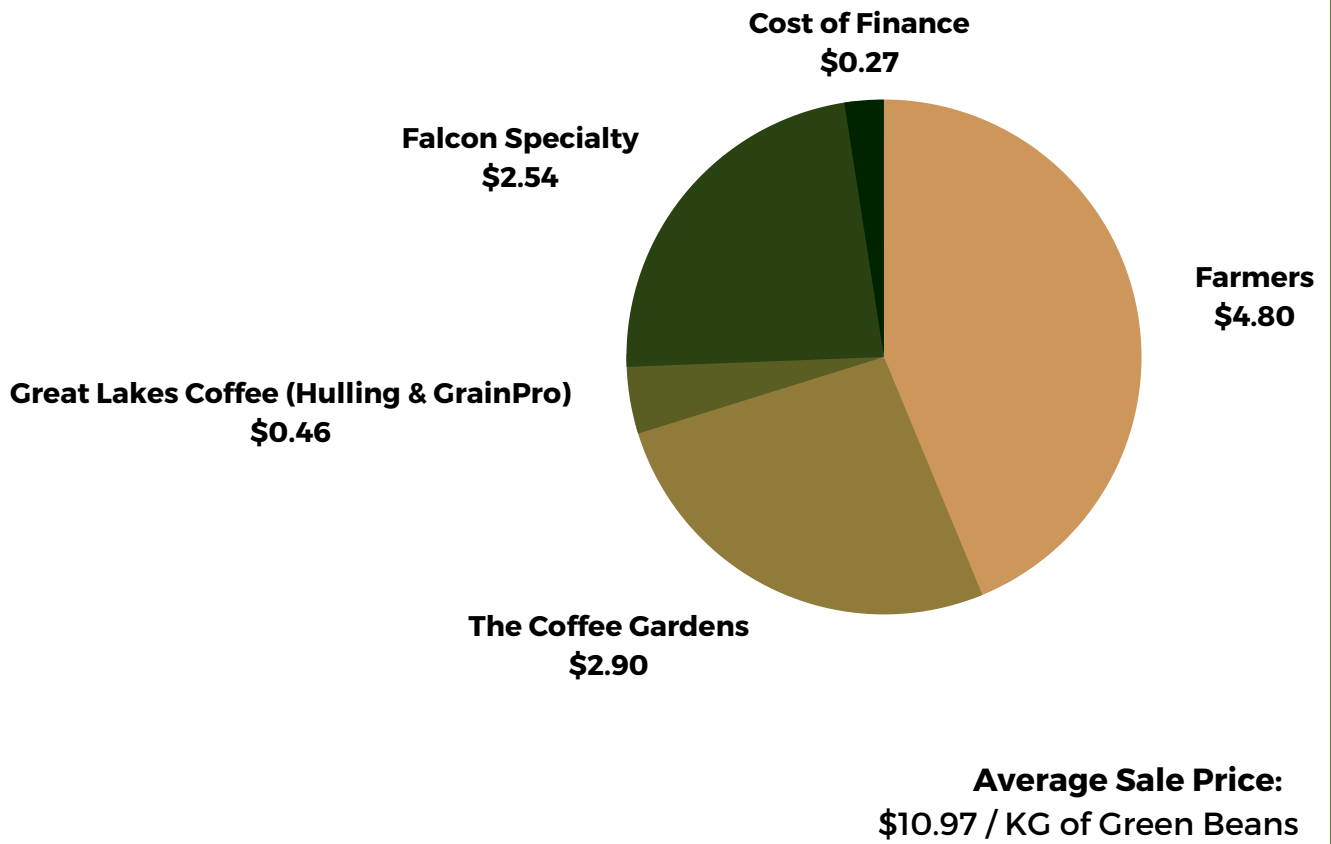
Building loyalty has been a long-term investment, and has been vital in securing our supply chain during these turbulent times.

Our relationship with our farmers meant that we could buy coffee at a consistent price throughout the coffee season and still exceed our volume target. This is because our farmers trusted us to be reliable and consistent, deliver good off-season bonuses and provide valuable training and input programs - all of which they consider to be more important than short-term price increases.



COST AND PRICE TRANSPARENCY

Here is a **breakdown of the average price per 1 KG of green beans** paid by roasters for our coffee:



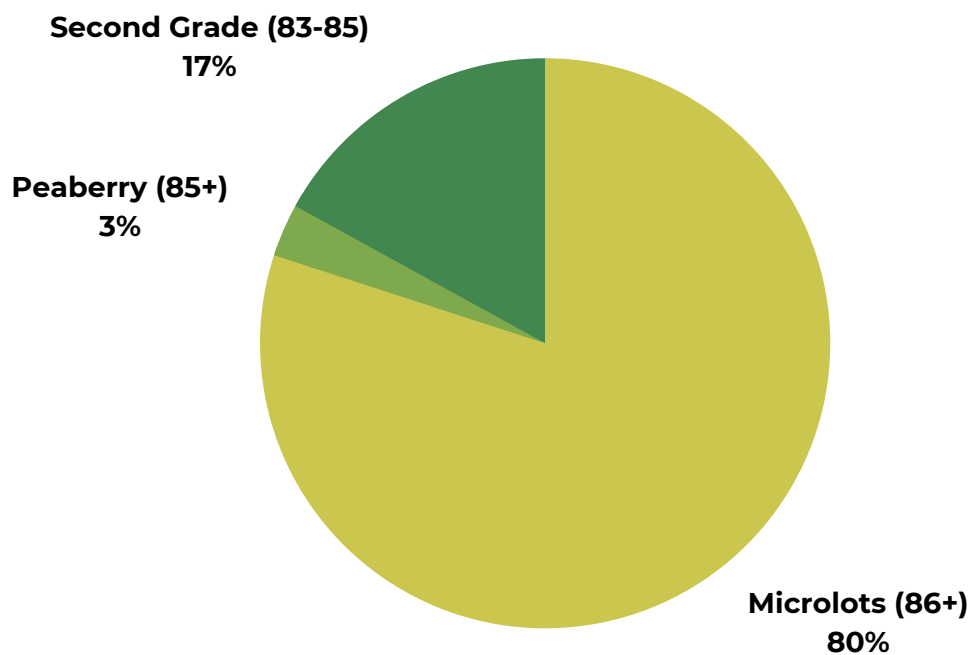
COFFEE QUALITY

Quality is the backbone of how we work. It allows us to pay farmers higher prices than our competitors and still invest in social and environmental activities.

All of the coffees we produce at our washing station are specialty grade. Coffee cherries received each day from different farmers made up 167 different “day-lots” (200-8,000 kg of cherry) which we quality test before preparing “microlots” (30-90 60 kg bags).

Because we only accept red coffee cherries, any variability in quality is out of the farmers' control. Therefore, all farmers receive the same price and same high bonus, regardless of how the coffee from a given day scores.

Our key objective is to create the right incentives so farmers decide to pick fresh, red cherries only.



FAIR EMPLOYMENT

We are an equal opportunity employer and prohibit child labour. While Uganda has no minimum wage, our policy is to pay staff at above market rates and provide additional benefits in order to ensure that the whole team is motivated and rewarded.

The following is a list of worker positions, rates and benefits:

Position	# Women	# Men	Salary Rates	Benefits
Executive Directors	1	1	\$280	Rent, insurance, social security
Managers & Officers (Long Term Contracts)	2	3	\$185-420/m (above industry average)	Insurance, allowances, social security, interest-bearing savings scheme
Field & Processing Assistants (Long Term Contracts)	2	4	\$70-100/m (above industry average)	Insurance, allowances, social security, interest-bearing savings scheme
Coffee Runners (Workers paid per bag carried)	56	105	\$1.90-\$5.75/d (above industry average)	Meal each day worked
Processing Station Workers (Day Labourers)	21	5	\$2.20/d (above industry average)	Breakfast and lunch each day worked
Drying Yard Workers (Workers paid per bag carried/sorted)	16	4	\$2.20-\$4.40/d (above industry average)	Meal each day worked
Total	98	122		

FUNDING TRANSPARENCY

RABO FOUNDATION provided us with working capital at 8% interest/annum and also provided us with a restricted grant of \$17,400 in 2021 for farmer training and traceability technology.

GREAT LAKES COFFEE provide us with a range of paid services including access to quality assurance labs, hulling and warehousing, for a fixed fee of 20c/lb on exported coffee.

SOLIDARIDAD NETWORK signed an MoU in February 2021 to deliver a range of programs to our farmers and provided a restricted grant of \$5,400.

CROWDFUNDING allowed us to raise \$5000 USD from roasters, coffee shops, friends and family to build a new dripping station.

FALCON SPECIALTY provided us with working capital at 9.1% interest/annum.

PAID CONSULTING (agri-tech) generates additional income.



THE TRUE COST OF COFFEE

Producing a 60 Kg Bag

HARVESTING

215 Coffee Trees
 11 Farmers Picking | 6 Hours

430 KGs of Red Cherry
 1 Person Buying



TRANSPORT

9 People
 Carrying | 1 Hour
 Coffee



WET MILLING

4 People Sorting | 1 Hour
 Floating
 Pulping | 30 Minutes
 Fermentation | 40 Hours
 18 People Sorting and
 Turning | 2 Week
 860l of Water
 1/4l of Fuel



TRANSPORT

1 Truck
 1 Person Loading
 400 km



DRY MILLING

1 Person Unloading
 Hulling + Gravity Table +
 Colour Sorter | 1 Day
 3 People Preparing
 Cupping Samples | 2 Days
 1 GrainPro Bag
 1 Gunny Bag
 1 Person Printing
 Labels



EXPORT SHIPPING

2 Inspectors | 1/2 Day
 6 Different Forms
 3 Export Observers | 1/2 Day
 On the Sea | 2 Months



FARMERS
Grow & Harvest Coffee



THE COFFEE GARDENS
Buy Coffee Cherries & Wet Milling



GREAT LAKE COFFEES
Dry Milling



FALCON SPECIALTY
Import & Distribution



ROASTERS & COFFEE SHOPS
Roasting & Whosale/Retail



CONSUMERS

