

The Coffee Gardens 2020/21 Season 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. A healthy environment and motivated farmers are crucial to producing high quality coffee. Conversely, environmental degradation and farmer vulnerability are a threat to our future.

This report shares our achievements towards our social and environmental goals. Covid-19 restrictions between March and August prevented us from achieving most of our targets in 2020. Despite this, [we were still able to make some progress](#) with the support of our farming community and key partners - notably [Rabo Foundation](#).

As you read this, we invite you to join us in creating a positive impact on our farming community.



The Impact of Transparency & Traceability

Good quality coffee starts with fresh, red, ripe cherries. However, the Ugandan coffee sector largely focuses on high volumes of low quality coffee. Many local traders buy “mixed” coffees (e.g. underripe, overripe and diseased cherries) at a *market* rate, which they sell on for a commission to bigger companies (especially the multinational companies). Farmers lose out when they sell mixed coffee, as it weighs less and attracts a lower price than red cherries only - a double income hit. However, for many farmers, selling mixed coffee offers “quick” money, even if they earn less over the course of the season. [A key objective for us is to create the right incentives so farmers decide to pick fresh, red cherries only.](#)

The price offered by the multinationals varies significantly depending on factors such as stage of season, level of competition, international coffee prices, and locale within the Elgon sub-region. The price is neither fixed nor transparent: farmers can easily receive less than they expect, and often believe that they are being cheated. Prices fluctuate wildly from year to year, creating uncertainty and a lack of trust, and - in low years - pushes

farmers further into poverty. Because of this volatility, farmers typically sell coffee to whoever offers the highest price. Although building loyalty is a long-term process, it's crucial in order to create a reliable supply chain.

To achieve this, we pay above market rates and are transparent with our farmers about our buying policy and prices, providing each registered farmer with a contract and a buying-record book, communicating any price changes via SMS, providing receipts for every transaction - even if it's for 1 kg (40c) and always paying end-of-season bonuses. Our team uses a mobile app for farmer registration and recording transactions. We are also piloting digital payment solutions. Please see our **Transparency Report** for more information about how much farmers earn.

Of our 328 registered farmers, 232 (71%) delivered coffee in the 2020/21 season. This loyalty rate is lower than the previous season (83%) due to low or failed crops in many gardens, especially at the 1400-1800 MASL band, caused by extreme weather patterns. Overall, the quality of coffee cherries delivered to us improved this season, reflecting improved harvest practice. Farmers told us this improvement was due to our payment of bonuses last year, despite Covid-19 challenges.

According to [research conducted by students at the London School of Economics](#), 100% of our farmers consider us to be trustworthy and **nearly 50% said the primary reason they supply us coffee is because of our transparency and efforts to build a lasting relationship, valuing this more than the price we offer.**

2021/22 Targets:

- *Work with 500 farmers, who will all receive training and other services*
- *Loyalty rate of 80%*
- *Further integrate our systems to send farmers a weekly SMS with a summary of their deliveries and earnings and expand digital payments*
- *Collect monitoring information on household indicators, coffee production and farm practices*

Farmer Incomes

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 (between 0.25 - 2.5 acres). On average, each farmer delivered 500kg of coffee cherry and earned 735,000 UGX (\$200) including the end-of-season bonus. However, due to their small size, around $\frac{2}{3}$ of our farmers earned \$100 or less. All farmers earned between 12-23% more than if they supply mixed coffees to local traders.

Although we pay above market rates, our agronomists estimate that our farmers operate at around 30% productivity and so improving yields is key to improving farmer incomes. In Jan 2021, we started a two-year project with [Solidaridad](#), experts in farmer training, to boost our coffee farmers' productivity and improve pest control.

2021/22 Targets:

- *All farmers will receive agronomy and good agricultural practices (GAP) training*
- *Provide access to high quality agri-inputs with training on appropriate and safe use (as a last resort - in line with integrated pest management (IPM) approaches)*



Rural Employment

The Coffee Gardens is located in a rural, hard to reach area with limited employment and business opportunities outside of farming. We offer regular and well-paying jobs for over 24 members of the community. 103 farmers (a 42% increase from the previous year) including both men and women are hired as “runners” to transport coffee from high altitude gardens to our station. We observe 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.

2021/22 Targets:

- *Employ around 150 people with a roughly 50:50 gender split*

Farmer Livelihoods & Financial Inclusion

Increasing incomes alone does not necessarily result in improved livelihoods. Instead it is often accompanied by increased expenditure and unintended social side effects (alcoholism, gender based violence, and unplanned children). Through training and access to services, our goal is to reduce farmer vulnerability and improve livelihoods, creating a network of strong and resilient suppliers.

As coffee is a seasonal crop, farmers only earn money from it during the harvest season. To meet urgent needs during the “off” season, many farmers “pre-sell” coffee to local traders or take on expensive loans. Pre-selling means that farmers receive money for their whole coffee garden months before the harvest, irrespective of the ultimate yield, only receiving a small proportion of the value. This discourages improvements in farming, and traps farmers in a vicious cycle of poverty. During the 2020/21 season, a number of farmers chose to keep their earnings with us as a form of savings, withdrawing at a later date. Many farmers have approached us seeking more formal forms of ‘financial inclusion’ as a way to reduce vulnerability, and we have started engaging a number of banks to address this.

2021/22 Targets:

- *All farmers will receive training on financial literacy, savings, and household planning and budgeting*

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- *Village Savings and Loans Associations (VSLAs) will be established for interested farmer groups*
- *Provide low-interest pre-season finance to eligible farmers*
- *In partnership with Marie Stopes International, deliver family planning outreach programs to improve reproductive health.*

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 are making efforts to address this, and 20% of our registered farmers and 30% of our workforce 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.

2021/22 Targets:

- *Use a gender sensitive approach to our activities, such as ensuring that both men and women from each household attend our training programs*
- *Train farmers on the benefits of gender equality in household decision-making and planning*



Environmental Protection

In Eastern Uganda, extensive deforestation and land degradation is resulting in erosion, soil infertility and fatal mudslides. With the support of [Vi Agroforestry](#) and a newly established community tree nursery, we distributed 3,500 tree seedlings to nearly 300 farming families in May 2020. We received a donation from [RaboBank Foundation](#) to support the planting of 20,000 tree seedlings of various species. The first 8,500 seedlings were

distributed to our farmers in May 2021, following an agroforestry training conducted by our team, supported by [Solidaridad](#) and [World Agroforestry Centre \(ICRAF\)](#).

2021/22 Targets:

- *We will plant 20,000 trees, including fruit, fodder, indigenous shade and fast growing varieties, accompanied by extensive agroforestry training.*

