



IMPACT & TRANSPARENCY REPORT 2022/23

THE COFFEE GARDENS
DIRECT. ETHICAL. SPECIALTY.

NOTE FROM THE FOUNDERS

The 2022/23 season has been one marked by incredible growth. When we established The Coffee Gardens in 2017, we were working with just one farming family. Then in 2018, we set up a tiny washing station on 600 sqm of land in a village in eastern Uganda. Never in our wildest dreams did we imagine that just a few years later we would build another (much!) larger washing station, work with over 600 farmers and export containers to Asia, EU, UK and the US.

From the beginning, our goal has been to produce specialty coffee in an ethical way, offering a transparent and direct link between our coffee farmers and coffee drinkers. You can't imagine how we feel when we see our coffee offered by so many roasters around the world!

Our growth is due to the support of our families, our fantastic team, the roasters who buy our coffee year after year, Falcon Specialty, Rabo Foundation, and of course our farming community who have stuck with us through thick and thin. Nevertheless, as you will read here, there is still much work to do.

We are humbled to be able to share our 4th annual Impact & Transparency Report. It contains the work we do with our farming community, the cost of producing our coffee, how much our farmers earn and who our partners are. This report also showcases some of the key people behind our coffee, to give them the recognition they deserve.

Dana, Michael & Shak



COFFEE QUALITY



Quality is our reason for being. It allows us to pay farmers high prices and still invest in agricultural, social and environmental activities.

Quality isn't just how coffee looks - it's all about the flavour. Last season, we experimented with different processes to create new flavour profiles and higher cup scores. We pushed our cherry fermentation to 140 hours, introduced fruits and cultured yeasts, and tested out dry fermentation methods.

Of course, the foundation of a good coffee is fresh, red, ripe cherries full of sugars to feed the fermentation process. In a time of intense price volatility, we work hard to create the right incentives so farmers decide to deliver only red cherries day after day. We also have rigorous sorting protocols in place starting in farmers' gardens, and at every stage from our buying centres, throughout processing and all the way to export preparation.

In a given day, we receive between 200 and 16,500 kg of coffee cherries from between 3 and 170 individual farmers. Farmers may even bring as little as 1 kg at a time. Every single transaction is recorded and tagged to an individual farmer for full traceability.

The coffee from each day is from the same altitude band and forms a "day-lot". It is fermented and dried as one batch, then tagged, quality tested and stored separately. We combine day-lots with other similar tasting day-lots to form a "micro" or "nano" lot just before export.

The result? All the export coffee we produce at our washing station are specialty grades (SCA score 85+). Last season we produced 111 day lots which combined to form 9 microlots and 8 experimental nanolots.

If you're interested in samples, just let [our colleagues at Falcon Specialty know](#).



375,000 kg

Coffee Cherries



51,660 kg

Export Green Coffee



44,430 kg

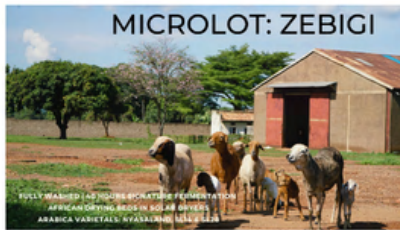
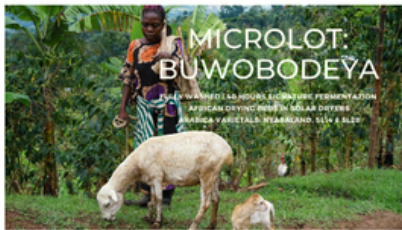
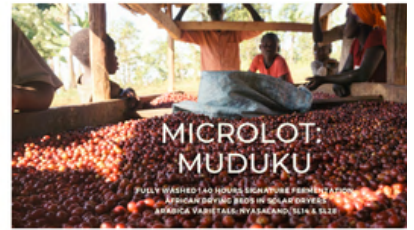
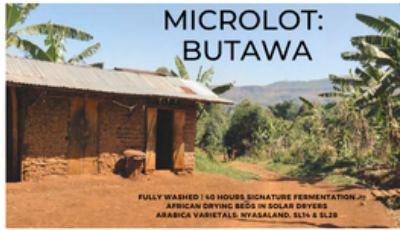
Roasted Coffee



4,936,400

Espresso shots

MICROLOTS



Find out more about our microlots



OUR SIGNATURE WASHED PROCESSING METHOD

Freshly picked cherries are pulped prior to a pre-wash, a long soak in cold mountain spring water, then a gentle forty hour submerged fermentation.

Coffees are washed then shade-dried: 3 days in complete shade and then 2-3 weeks in solar driers (custom-built ventilated greenhouses).

Coffees are meticulously sorted at 12 different stages before export.

NANOLOTS

A lot of passion goes into our coffees. So when we have exceptional nanolots, it's only right that the exceptional people behind them get the recognition.



**NANOLOT:
NAMUGOWA**

Process: 100 hours cherry fermentation followed by pulping and then 40 hours submerged wet fermentation.

Job Namugowa is our Processing and Field Manager, overseeing all activities at the washing station. This lot is named after Job as he's spent the last 3 years mastering this challenging process to produce a delicious, consistent (and highly sought after) coffee.



**NANOLOT:
WANYENZE**

Process: We ran out of water after our signature fermentation completed so this coffee had an additional 7 hours of dry fermentation.

Racheal Wanyenze is our rock. Solid, quiet and dependable, she runs the station when Job isn't around (and often when he is). This accidental (read: experimental) coffee happened on her watch and the fact that it turned out great is a reflection of her ability to make the best out of even the most unpredictable situations.



**NANOLOT:
NAMUTEBI**

Process: A slight adaptation of our signature washed, we skipped the pre-wash prior to fermentation to see what would happen.

Winnie Namutebi is responsible for our drying yard and acts as our quality controller, making sure every batch is perfectly sorted and at the exact right moisture. Last season, that meant 66,000 kg of parchment passed through Winnie's hands and under her gaze.



**NANOLOT:
KISOLO**

Process: Instead of adding water, the coffee was fermented "dry" for 20 hours before being washed to remove the mucilage.

Sam Kisolo is responsible for sourcing all our coffee. Last season, this was 375,000 kg of cherry! Sam runs up and down the mountain with his team, visiting every single garden, and making sure that our coffee is fully traceable and perfectly ripe.

IMPACT

We are more than a coffee buyer, processor and exporter. For our farmers, we try to be a reliable and consistent partner the whole year round. When we are not buying coffee, we deliver trainings and implement development projects.

When we consider impact, we think about economic, social and environmental elements - and these are all intertwined. A farmer with low income levels and limited savings may find it hard to follow sustainable practices and invest in their gardens. Instead, farmers may prioritise finding quick sources of income to meet urgent needs. So, by approaching the needs of farmers holistically, we are working to create long-term change.

The data in the below sections refer to activities taking place during the 2022-23 season (March 2022-Feb 2023) Data was collected by our team in March and April 2023 (unless otherwise stated). Farmer assessments and scores are based on standards established during expert-led trainings.

STEP 1. COFFEE AS A RELIABLE SOURCE OF INCOME

During the 2022-23 season, the average farmer delivered 666 kg of coffee cherries and earned \$437 (including the end-of-season bonus). This represents a 5% increase in deliveries and 6% increase in earnings compared to the previous season.

Our larger smallholder farmers are doing well: 94 farmers (17%) delivered 65% of our coffee, earning an average of \$1,700 (the biggest farmer earned \$4,000). Compared to the previous season, these larger smallholder farmers delivered a similar proportion of our coffee and increased their average incomes by 21%.

Economic inequality is an issue even amongst smallholder farmers - some have very small plots. 250 farmers (44%) delivered 200 kg or less, collectively providing 5% of our coffee and earning an average of \$55 each. This is comparable to the previous season.

There is also gender-based economic inequality. Women in eastern Uganda have limited access to land ownership and make up 22% of our registered farmers, yet only 11% of larger farmers are women (similar to the previous season).

As you can see, coffee farming doesn't provide a meaningful income for all farmers, largely because of access to land. But by being an off-taker that farmers can rely on, we hope that all farmers can benefit in different ways.



564 active farmers

22% women

Compared to the previous season:

25% increase in active farmers

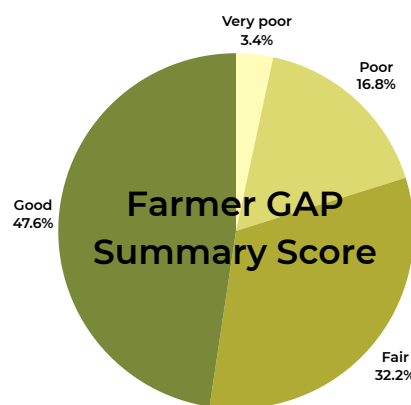
55% increase in income for farmers

51% increase in coffee delivered

STEP 2. BOOSTING YIELDS THROUGH GOOD AGRICULTURAL PRACTICES

This year, our team inspected gardens belonging to 357 farmers and conducted a Good Agricultural Practices (GAP) assessment.

We found that the majority of farmers had trees that were productive (75%) and healthy (90%) and were trying to implement good practices (80%).



- 4,400** gardens owned by registered farmers
- 582** farmers trained on GAPs, including 125 women and 280 youth
- 7** model farmers received farm tool kits

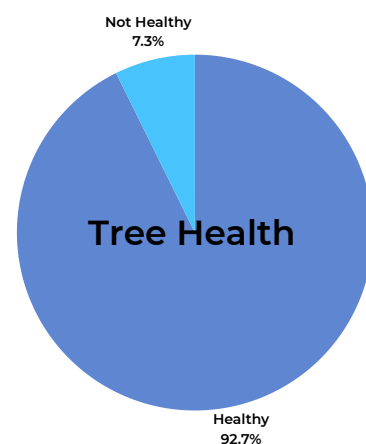
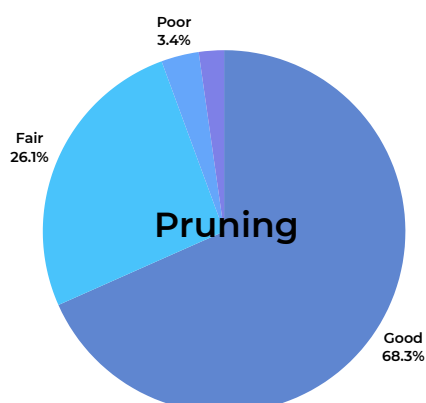
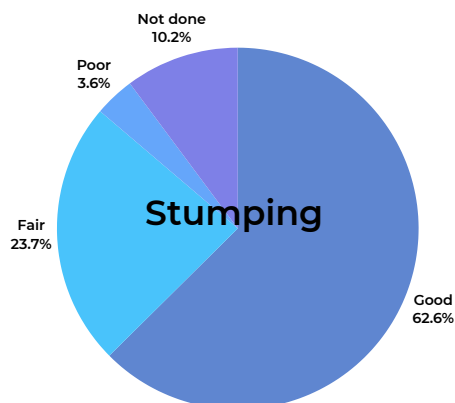
GAPS where most farmers do well (% done well)

- using compost (73%)
- weed control (72%)
- pruning (68%)

GAPS where some farmers struggle (% poorly or not done)

- maximizing land usage (37%)
- hole preparation and planting (20%)
- stumping (14%)
- trenching (11%)

Some of the most important indicators of productivity are whether or not the farmer engages in stumping, pruning and pest and disease control. Most of our farmers are now doing this well.



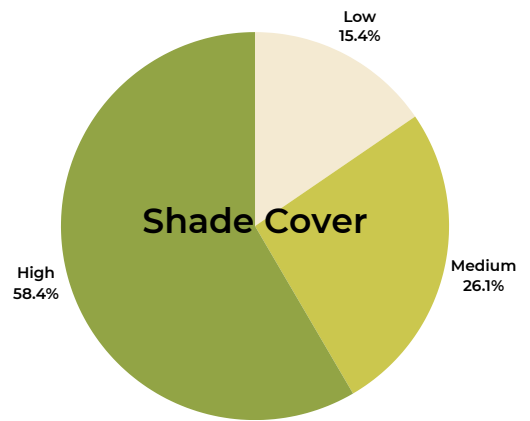
This is supported by what we see when farmers bring us coffee. Firstly, compared to the previous season, average deliveries per farmer have increased. Secondly, the level of insect damaged beans we saw last season was 2-3% lower than reported by other coffee producers in other parts of the mountain. This indicate that our training is having a positive effect.

STEP 3. MAXIMISING CHERRY QUALITY THROUGH AGROFORESTRY

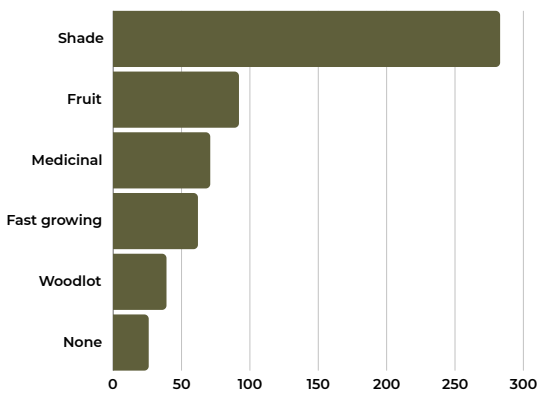
As a specialty producer, volume without quality is meaningless. If farmers don't bring us ripe coffee cherries, there really isn't much we can do. For the past four years, we have been training farmers to adopt "agroforestry" and provided tree seedlings, so that farmers benefit from shade, windbreaks, erosion control and improved biodiversity (by creating homes for pollinators and pest eaters).

This improves coffee quality by slowing down ripening, protects cherries from sun and hail, and reduces pest and disease. In the gardens assessed, the majority of our farmers have a high level of shade coverage (60%) and diversity in trees grown.

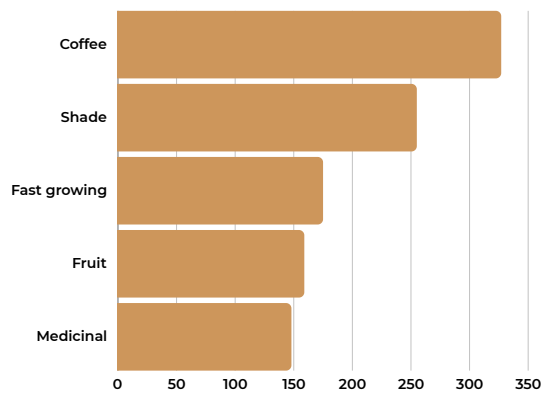
Farmers asked us for more tree seedlings; coffee trees were the most common request, but there is significant demand for other species.



Number of farmers growing each species type



Number of farmers requesting each tree species



97% of farmers receiving seedlings from us in the past reported [at least some] are thriving

1st harvest from fruit trees provided, improving household nutrition

300+ farmers trained on agroforestry



STEP 4. THINKING LONG TERM: ENVIRONMENTAL PROTECTION & CLIMATE CHANGE ADAPTATION

It's hard to plan for the future if you're not financially secure today, and it's even harder to make investments. However, for many farmers climate change is not just about the future; over half of our farmers are worried about or have already experienced some effects, especially extreme weather and changes to seasonal patterns.

Most farmers consider their garden to be at least partially protected against hail, floods, erosion, and other natural calamities, mostly because they are integrating shade trees and ground cover. However, around 10% feel they are not protected at all. Over 80% of our farmers said that they would benefit from increased training on adaptation and landslide and flood preparation.

Although we don't encourage this, nearly all farmers use agrichemicals, such as fertilisers (91%), pesticides (72%) and fungicides (37%). Given that this is happening anyway, every year we provide training on safe agrichemical use. Most farmers now say that they store agrichemicals safely away from children and animals, and more than half say they are trained on safe handling and use personal protective equipment.

We try to follow sustainable practices at our station. This means minimising water use, investing in sophisticated water treatment and composting pulps. [A study by Capital Coalitions](#) showed that we are having a net positive impact on the environment and GHG emissions.

110 farmers assessed and trained on environmentally sustainable practices

55 farmers trained by [NARO](#) expert on sustainability, Integrated Pest Management and chemical use 'as a last resort'

According to our annual survey, unfortunately almost all farmers need to improve on environmental protection and waste management. This is serious. By degrading the local environment makes extreme weather effects felt even more strongly, such as more frequent and more damaging landslides, floods and pollution of water sources.

This is a hard topic to tackle, not least because of the pressures of a population boom (resulting in more people needing the same amount of land for food) and a total lack of waste management facilities. By attending our expert-led trainings, many of our farmer are aware that certain practices are harmful. But they face a trade off: more sustainable practices incur real short term costs and/or losses in income.

We feel that it is important to be honest. There is much to improve and there are no easy solutions. The long-term benefits are clear and making these changes is a process to which we are committed.



STEP 5. MORE THAN JUST COFFEE: BOOSTING INCOMES THROUGH EMPLOYMENT

To be a farmer, you need land. In eastern Uganda most land is concentrated in the hands of older men, limiting how women and youth can generate income. As land is passed down generationally, it then gets divided up amongst (often many) heirs, creating huge pressure and encouraging the unsustainable practices described above. This is why we see significant income diversification, including both farm and off-farm activities. The majority (66%) of our farmers have between 3 and 7 different sources of income, with some having up to 15.

Unlike many larger coffee companies, we chose to build our station within a hard-to-reach rural community and we are proud that we have created decent jobs for the wider coffee-growing community. In fact, our seasonal workers earn more in a month than smaller farmers earn in a whole season.



48 labourers (75% women) work at the Bukyabo processing station

358 "runners" (45% women) are hired to carry coffee down the mountain to the station

20 labourers (80% women) work at our drying yard in Mbale City

11 full-time employees (36% women)

STEP 6. CREATING RESILIENCE THROUGH FINANCIAL INCLUSION

Raising incomes doesn't automatically reduce vulnerability. A key form of resilience is through financial savings. Without this, farmers often struggle when faced with an emergency and have to find urgent solutions. In other words, vulnerable farmers may struggle to invest in their gardens, quality or environmental protection.

It is common practice in eastern Uganda for farmers to "rent out" coffee gardens many months ahead of the harvest season at a fraction of the value in order to access urgent cash. Of course, such farmers no longer pay any attention to the coffee trees on those gardens, creating a vicious cycle. Last season, we increased efforts to improve financial inclusion so that farmers can retain all the value from their coffee.

Last season, we provided zero interest loans worth \$11,000 to 78 farmers and 350 farmers chose to save \$32,500 with us. This is both a huge demonstration of trust in us and farmers' interest in saving for the future.

78	farmer loans	7	Village savings (VSLA) groups supported, with leaders trained by expert partner
\$11,000	loaned out	232	VSLA members use loans and savings to buy farm inputs, pay labourers and school fees
99.5%	repayment rate	176	VSLA members (72% women) trained on record keeping
\$8,500	in bonuses to 570 farmers		
\$32,500	saved by 350 farmers (withdrawn at end of season)		

STEP 7. IMPROVING THE QUALITY OF LIVES THROUGH SOCIAL PROJECTS

We have a long term commitment to our farming community and try hard to make a positive impact. We believe that's why our farmers have stood by us during hard times. Either from our revenues, or with the support of donors and even roasters, we've been able to deliver different social projects each year.

- 3** toilet blocks* built in 3 primary schools benefiting 2,400 students
- 600 m** of community road built and 200 m of existing road rehabilitated benefiting 350 households
- 1 km** of water piping fixed and 4 communal tap stands replaced benefiting 200 households

*Main funder: Czech Development Agency

STEP 8: LISTENING TO FARMER FEEDBACK

This wouldn't be a real transparency report if we didn't share what our farmers complain about. The most common feedback is that they want us to increase our services. For example, farmers want us to supply them with fertilisers, pesticides, farm inputs and tools, would like higher cherry prices, more jobs (especially for those living at the higher altitudes) and wider eligibility for loans. Some farmers requested us to open the station earlier during the season, introduce more buying centres and increase our processing capacity for coffee at the station to avoid pausing coffee buying during the season.

Many farmers requested more training, with the majority interested in support on improving farming practices (85%), pest and disease control (65%), and record keeping (60%). Nearly 20% of farmers would even be willing to pay for advisory services.

Overall, our farmers are happy with us and trust us. We can see this in each year's growth and the trust they place in us.

We recognise that for the smallest farmers, even large price increases don't make a life-changing impact. However, training, services and social projects can. In fact, smaller farmers should not deliver us coffee: a competitor with lower standards would reduce their workload for a small reduction in income. The fact that so many of our farmers are small producers is an indication of the loyalty farmers have towards us.



OUR APPROACH TO CHANGE

Every off-season we deliver a range of training services for our farmers, but we want this to be demand driven. So we don't host big training events and pay farmers to attend. Instead, our team visit them in their gardens while they are at work, and see what assistance is needed. Every few months our team is trained by expert organisations on how to better address the topics the farmers raise. Because of this, we feel that many farmers now turn to us for advice.

Each year, we look for better ways to measure and quantify our impact, and communicate this back to farmers.

Earlier this year, Master's students from the London School of Economics developed a monitoring & evaluation framework for us. We then collected data to understand how both we and our farmers are performing, track improvements over time and understand farmers' goals.

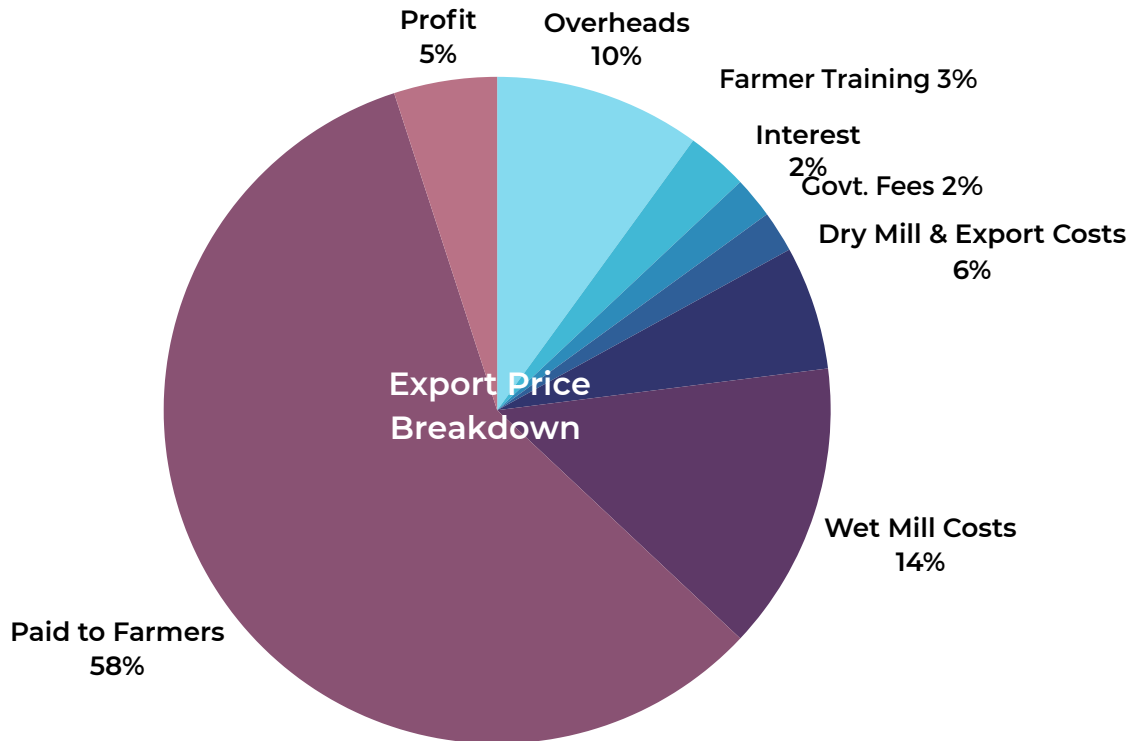
For the first time ever, we were able to share data back with farmers in the form of a scorecard.

THE COFFEE GARDENS END OF SEASON FARMER SCORECARD 2023

FARMER NAME:		Nafune Jackie					
LAST SEASON YIELD:		339 KG		NEXT SEASON GOAL:		250 - 500 kg	
GAP ASSESSMENT (COMPLETED BY: Jackie)							
PRODUCTIVITY LEVEL::		productive, minimal production due to pest and disease		COFFEE TREE HEALTH:		mostly health	
OBSERVED PEST & DISEASE:		cbd, coffee rust		OVERALL LAND USE:		👍	
PRUNING:	👍	STUMPING:	👍	DESUCKERING:	👍	SUCKER SELECTION:	👍
SOIL FERT. & WATER MAN.:	👍	WEED CONTROL:	👍	MULCHING & COVER CROP:	👍	TRENCHING:	👍
HOLE PREPARATION:	👍	COMPOST USE:	👍	FARM HYGIENE:	👍	SHADE COVER:	👍
ANY BANNED PESTICIDES?		👍	WHICH ONES?				
AGRICHEMICALS SAFELY USED?		👍	PROBLEM AREAS:				
ENVIRONMENT PROTECTED?		👎	PROBLEM AREAS:		harvest from protected areas, does not leave a bufferzone, slash and burn, pit latrine close to water		
WASTE HANDLED PROPERLY?		👎	PROBLEM AREAS:		spreads pulps in gardens before composting, burning waste, ignoring waste		
IMPROVEMENTS CHOSEN:		pest and disease control, record keeping, farming business activities, agroforestry and shade tree planting					



COST AND PRICE TRANSPARENCY



We sold our coffee at USD \$8.15 / kg (exclusively to Falcon Specialty)

Our farmers earned USD \$4.73 / kg (58% of our export price)

In comparison, farmers would have earned USD \$2.78 / kg from non-specialty buyers



PURCHASING POLICY

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

Last year we saw these efforts come to fruition. 350 farmers delivered around 60,000 kg of coffee cherries worth \$32,500 on credit. This is because our farmers trusted us to pay them in full at a later date.

Last season was also the first time we reduced our cherry buying prices mid-season to match the rapidly falling global coffee price. We communicated these changes via SMSs and despite the disappointment, farmers continued to deliver coffee and we exceeded our targets.

We also experimented with digital payments - to reduce risk for both us and our farmers. This was successful and we are rolling this out further.



6,445 SMS messages sent

110 digital payments direct to farmer's phones

5,989 coffee buying receipts issued



66 % of farmers receive text message updates*

*Farmers without phones get updates from designated model farmers



FAIR EMPLOYMENT

We are an equal opportunity employer and prohibit child labour. We always hire first from the local community and ensure gender equality in our workforce. 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	\$550	Rent, insurance, social security
Managers & Officers (Long Term Contracts)	2	2	\$280-500/m (above industry average)	Insurance, allowances, social security, interest-bearing savings scheme
Field & Processing Assistants (Long Term Contracts)	1	4	\$140/m (above industry average)	Insurance, allowances, social security, interest-bearing savings scheme
Coffee Runners (Workers paid per bag carried)	161	197	\$2.50-\$5.00/d (above industry average)	End of Season Bonus
Processing Station Workers (Day Labourers)	36	12	\$2.75/d (above industry average)	Breakfast and lunch each day worked
Drying Yard Workers (Workers paid per bag carried/sorted)	16	4	\$2.70-\$4.80/d (above industry average)	Meal each day worked
Total	217	220		

FUNDING TRANSPARENCY

RABO FOUNDATION provided us with working capital and a CAPEX loan.

FALCON SPECIALTY, our exclusive off-taker, provided us with working capital.

GREAT LAKES COFFEE provided us with hulling and warehousing for a fixed fee on exported coffee.

CZECH DEVELOPMENT AGENCY provided a grant of \$17,000 to build toilet blocks and handwashing stations in three primary schools within our farming community.

SOLIDARIDAD NETWORK concluded our 2 year MoU and worked with us to deliver farmer training. They provided a restricted grant of \$7,700, including \$5,000 for our farmer loan revolving fund.

PAID CONSULTING (agri-tech) generates additional income.



MESSAGE FROM OUR FARMERS

"When it comes to working with The Coffee Gardens there is no segregation based on gender"
- Male Farmer



"The practice of hiring from the local community is very good because this has developed the community. Many youths have been able to construct houses, buy cows and start different projects"
- Female Farmer



"I was able to get the knowledge on how I can reinvest my income and protect myself from unpredictable circumstances"
- Male Farmer

"After the training, I started using a compost pit to manage my waste. This allows me to sustain my garden and minimise chemicals"
- Female Farmer



THE WORK BEHIND OUR COFFEE

Producing a 60 kg Bag

HARVESTING

215 Coffee Trees
 11 Farmers Picking | 6 Hours

430 kg of Red Cherry
 1 Person Buying



TRANSPORT

9 People
 Carrying | 1 Hour
 Coffee



WET MILLING

4 People Sorting & Floating | 1 Hour
 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 | 1/2 Day
 3 Export Observers
 On the Sea | 2 Months



OUR COFFEE'S JOURNEY

FARMERS
Grow & Harvest Coffee



THE COFFEE GARDENS
Buy Coffee Cherries
Washed Processing
Drying



GREAT LAKES COFFEE
Dry Milling
Export Preparation



FALCON SPECIALTY
Import & Distribution



ROASTERS & COFFEE SHOPS
Roasting
Wholesale & Retail



CONSUMERS
Drink & Enjoy

