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SELECTA COFFEE FUND

September 2022



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The Selecta Coffee Fund (SCF) contributes to the sustainability initiatives across our value chain, focusing on improving the livelihoods of coffee farmers, fostering social equity in the local communities, and maintaining thriving ecosystems.

We are directly linked to the success of the communities who produce our coffee and the land on which it grows. Therefore, we collaborate with partners in our coffee value chain and countries of origin to source our coffee responsibly and set long-term relations with the coffee farmers, their families, and their communities.

Through the Selecta Coffee Fund, Selecta invests in community programs to train farmers in sustainable farming practices, improve farmers' livelihoods, protect the environment, improve coffee quality and yield, build climate resilience, and tackle social challenges. Every bag of Pelican Rouge coffee contributes to the Selecta Coffee Fund and its projects.

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SELECTA COFFEE FUND IMPACT AREAS

The Selecta Coffee Fund programs address environmental and social elements influencing coffee yield and quality, farmer income, biodiversity, nature preservation, climate adaptation, and mitigation. We provide farmers with opportunities to develop professionally and have the ability and resources to live on the income of their production. To achieve this sustainably, we stimulate thriving conditions for entrepreneurship and community development.

The main impact areas covered in our programs are:



All impact areas are **highly interlinked**. The Selecta Coffee Fund embraces social, economic, and environmental areas of impact in the implementation of projects. From safeguarding human rights and woman empowerment to protecting and maintaining thriving natural ecosystems. The Fund uses regenerative agriculture and agroforestry projects to protect and restore natural resources and biodiversity. To us, healthy soils maintain healthy coffee trees, yield, and quality for the long term. Good farming conditions, improved farm management practices, training, and farm diversification strategies create a better income for a farmer in the long term.

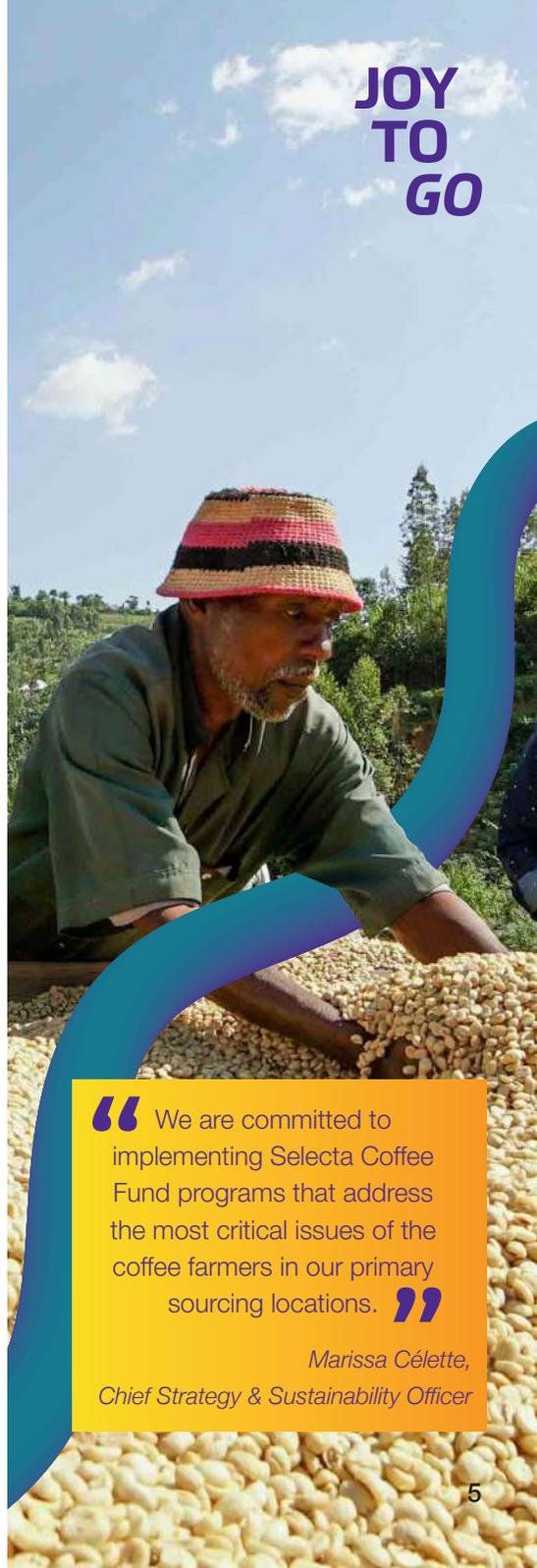
We run our programs in close **collaboration with partners** in our supply chain, local agronomists, governments, civil society organizations, and other subject matter experts. In this way, we are bundling on the knowledge of experts to maximize our impact.

LONG-TERM COMMITMENT

We aim to run our farm-level programs for five years or longer to ensure impact and sustainable benefits for all actors involved. Many of the activities require years to generate the targeted results. Close monitoring and continued support are essential to secure long-term benefits. The impact of nurseries, growing shade trees, farmer training, and woman empowerment programs are only seen over the long-term.

Our target is to support directly at least 2.500 and indirectly 15.000 farmer families by 2025 through investing in farm level programs and building long-term partnerships in our coffee supply chain.

We currently have programs running in Burundi, Rwanda, Honduras, and Colombia. We expect to launch more projects in 2023 in our main countries of origin. By expanding, we aim to increase our impact and the percentage of Pelican Rouge coffee sourced directly from our Coffee Fund programs.



“ We are committed to implementing Selecta Coffee Fund programs that address the most critical issues of the coffee farmers in our primary sourcing locations. ”

*Marissa Célette,
Chief Strategy & Sustainability Officer*

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Burundi

Coffee is the primary export product of Burundi — a relatively small African country located in the Eastern-central part of the continent. The climate conditions are favorable and the country is well-known for its excellent coffee quality. However, coffee smallholders face challenges with low production, old coffee trees, and fluctuating yields. As the main export product, coffee plays an important role in the Burundian economy. It is the main industry and export product of the country and provides important income for the roughly 600,000 families (about 40% of the population) who grow it¹.

THE BURUNDI PROJECT OVERVIEW

Through the Selecta Coffee Fund, we partner with Supremo, Rainforest Alliance, and SUCCAM – a local green coffee exporter – in the Mumirwa region in Burundi. The project in Burundi builds upon a network of certified farmers and takes the next step – beyond certification – to improve farmers' livelihoods. Before the program started, we conducted a local impact assessment to gain more insight into the local context and select the most impactful interventions.

The design of the program's focus areas supports our ambition of reaching a living income for coffee farmers by increasing the quantity and quality of coffee yield and diversification of income. The project also strengthens women's social and economic position while rehabilitating community water sources.

Therefore, the result areas of this project are as follows:

**COFFEE PLANT
REJUVENATION AND
DIVERSIFICATION OF PLOTS**

**IMPLEMENTATION
OF GOOD AGRICULTURAL
PRACTICES (GAP)**

**WOMEN
EMPOWERMENT**

**ACCESS
TO WATER**

ACHIEVEMENTS & CHALLENGES

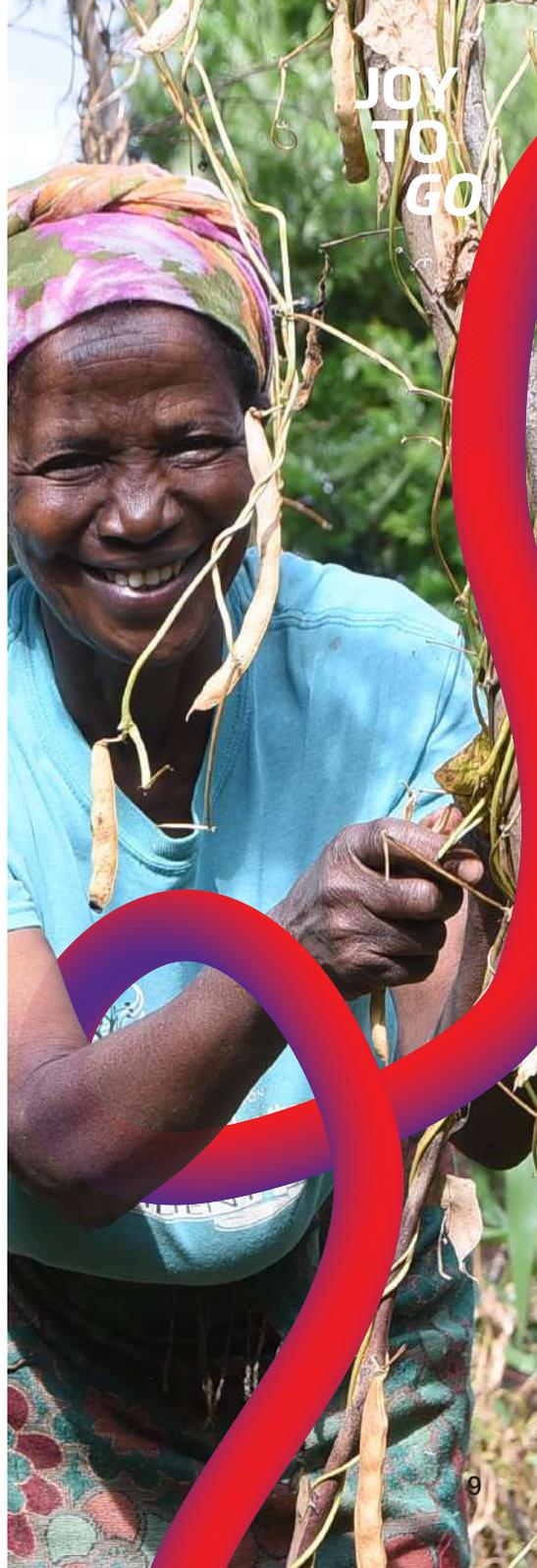
We jointly set targets and designed the implementation of this program based upon the results of the 2020 Local Impact Assessment, which shed light on risks and priorities in the coffee supply chain in Burundi.

COFFEE PLANT REJUVENATION AND DIVERSIFICATION OF PLOTS:

By the end of 2022, six nursery beds have been constructed in the Mumirwa region. 2021 was an unusual 'off cycle' year with low coffee harvest (30% of the 2020 harvest) due to weather conditions and rain patterns that led to quick ripening of early flowers. This resulted in less berries and hence, less coffee. Although the forecast for 2022 estimates coffee yields in line with the benchmark of 2018 (420 kg per hectare), the plant rejuvenation program plays an essential role in coffee production during off cycle years. Due to the scarcity of coffee seeds in Burundi, the program has started refilling the nurseries with other seeds (fruit mostly) to provide farmers with other crops and diversify their farms.

WOMEN EMPOWERMENT:

To find a suitable implementing partner for the gender pillar, we launched a 'open call for proposals' by the end of 2021. Based on the applications, the consortium decided to move forward with ZOA International – which completed the Gender Assessment in the region and developed a plan of action covering 44 woman groups that started in Sept 2022.



IMPLEMENTATION OF GOOD AGRICULTURAL PRACTICES (GAP):

The first GAP trainings took place at the beginning of 2021 and by the end of the year 509 farmers were fully trained, including 60 women farmers. In the period between July and September 2021, commercial activities required the trainings to be put on hold. Yet, in the second quarter of 2022, we achieved our target and managed to trained 509 farmers.

ACCESS TO WATER:

We partnered with ZOA International to conduct a Global Water, Sanitation and Hygiene (WASH) field study focused on the communities around two coffee washing stations (Rusekabuye & Nyagashiha). ZOA International conducted the field study in 2021, and shared the proposal with specific activities for the project area. From the 36 water sources visited, 20 were prioritized based on the number of households depending on these water sources. The program will provide safer and cleaner drinking water to a total of 1175 households (almost 6000 direct beneficiaries). By Aug 2022, 20 water sources have been rehabilitated with the support of the workforce of the community members.



“ Through the Good Agricultural Practices training I learned to prepare modern composting and improve mulching, pruning, and fertilization in my farm. ”

*Syldie Bandiringero,
Farmer in Burundi*

FACTS AND FIGURES THROUGH JULY 2022



Target: 11 Constructed Nurseries
Outcome: 6 Constructed Nurseries



Target: 400 Farmers trained
Outcome: 509 Farmers trained



Target: 44 women groups
Outcome: Initiation of interventions*



Target: 20 water sources rehabilitated
Outcome: 20 water sources rehabilitated**

*The local Gender Assessment was completed in the first quarter of 2022 & interventions are planned to start in Sep 2022.

**We are accelerating the rehabilitation of water sources with the support and time availability of the community.

BURUNDI TIMELINE & MILESTONES:

Early 2020

1st Round of funds
and partnerships
(Project A)

2020

Local Impact Assessment

2021

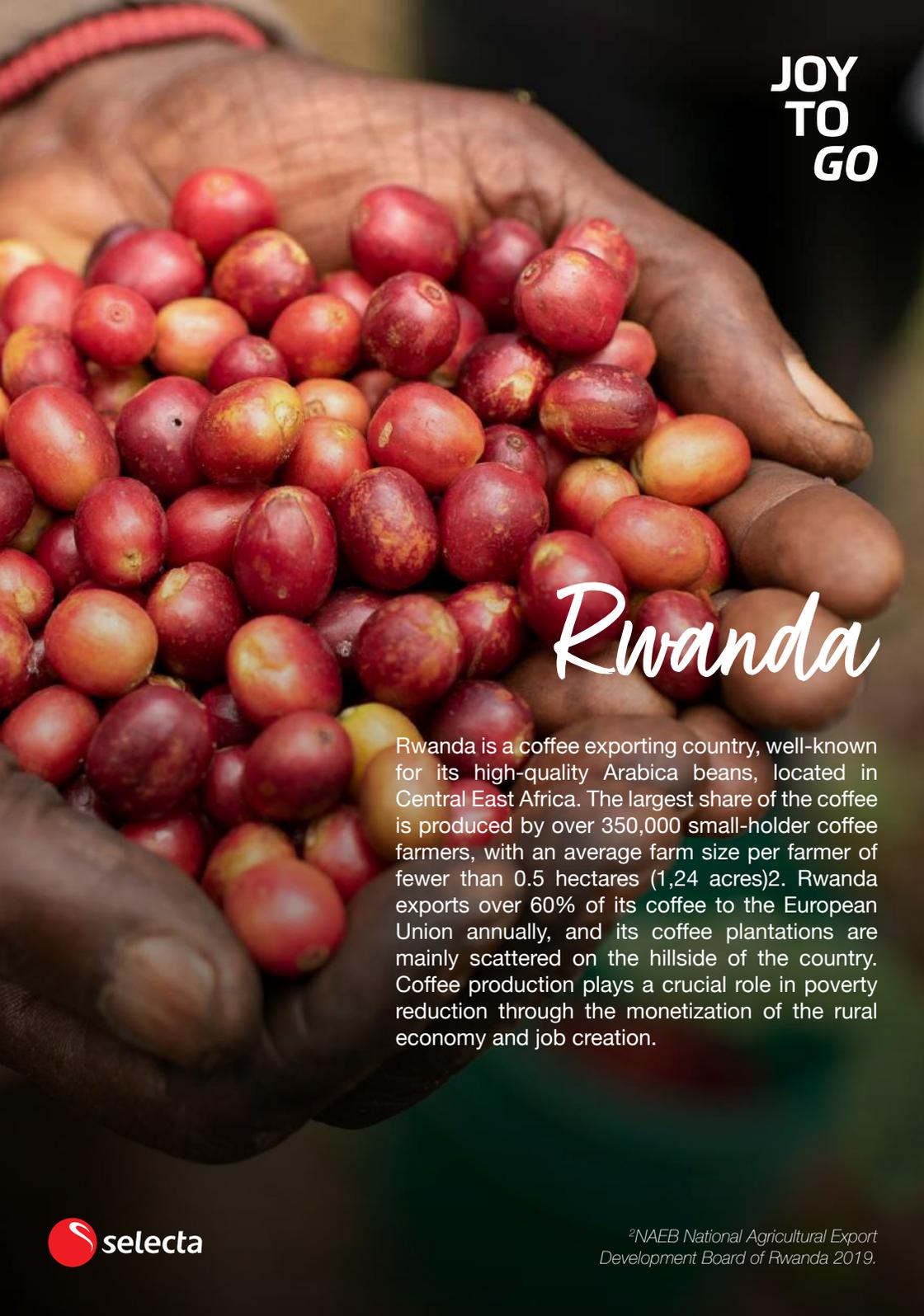
Implementation of interventions:

- 4 Nurseries constructed
- 328 Men Farmers trained on GAP
- 53 Women Farmers trained on GAP
- WASH field study by ZOA
- 2nd Round of funds (Project B)

2022

Implementation of interventions:

- Gender Assessment by ZOA
- 6 Nurseries
- 509 Farmers trained on GAP
- WASH local study and rehabilitation of 20 water sources



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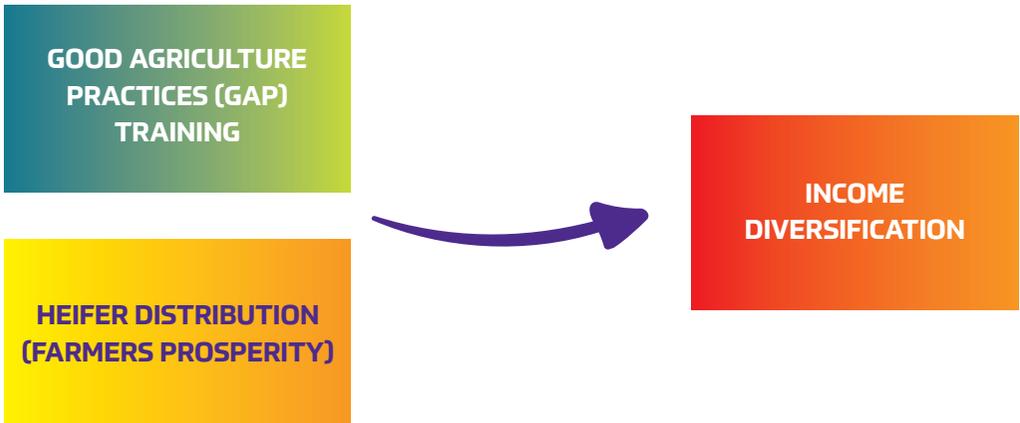
Rwanda

Rwanda is a coffee exporting country, well-known for its high-quality Arabica beans, located in Central East Africa. The largest share of the coffee is produced by over 350,000 small-holder coffee farmers, with an average farm size per farmer of fewer than 0.5 hectares (1,24 acres)². Rwanda exports over 60% of its coffee to the European Union annually, and its coffee plantations are mainly scattered on the hillside of the country. Coffee production plays a crucial role in poverty reduction through the monetization of the rural economy and job creation.

THE RWANDA PROJECT OVERVIEW

Since 2016, Selecta has been active in the Southern province of Rwanda (Nyamagabe and Huye District) to contribute to the livelihoods of coffee farmers and their families. In 2020, we focused our project on improving coffee productivity and household income. We worked with local knowledge partners to train farmers on Good Agriculture Practices (GAP) to increase coffee yield. Additionally, we supported farmers through heifer distribution at the household level, which consists of donating cows to coffee farmers to increase income diversification and reduce cost of external inputs (fertilizers).

The result areas of this project are as follows:



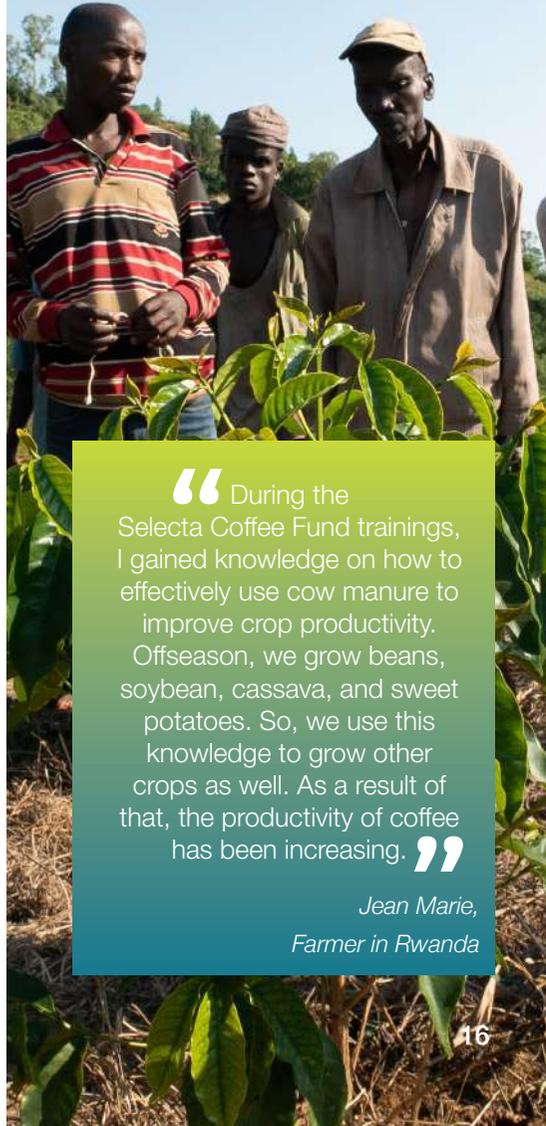
ACHIEVEMENTS & CHALLENGES

2021 was a year of adverse weather conditions causing significant coffee production shortages in Rwanda. The total quantity of coffee cherries produced by 330 Selecta Coffee Fund beneficiaries summed to 200,000kg of cherries harvested from roughly 400,000 coffee trees. The average yield of 0,48kg/tree was 40% lower than the yield recorded in 2020 due to harsh weather conditions and unpredictable rain patterns.

GOOD AGRICULTURE PRACTICES (GAP) TRAINING:

The GAP training focused on capacity building and farm management. It consists of farming practices modules (planting seedlings, mulching, weeding, pruning, pest management), cow husbandry modules, and farm financial management (business planning, bookkeeping, profitability analysis). The training contained a mix of theoretical and practical sessions. For instance, the cow husbandry module had sessions at the coffee farm and the cow shelter. A total of 629 farmers received the farming and cow husbandry modules; 204 of whom were women from Jan 2021 to Aug 2022. One farmer could have been trained more than once due to annual refreshments. Therefore, the program achieved 416 new beneficiaries and 213 farmers received training more than once.

Equally important, farmers receive refreshment training in the local language. Attendance to these refresher courses was 98% in 2021. From 2021 to 2022, we provided a total of 27 training sessions. The average number of trainees per session increased due to easing of Covid-19 restrictions. In addition to the training, farmers are equipped with tools and equipment to support coffee farming and cow rearing.



“ During the Selecta Coffee Fund trainings, I gained knowledge on how to effectively use cow manure to improve crop productivity. Offseason, we grow beans, soybean, cassava, and sweet potatoes. So, we use this knowledge to grow other crops as well. As a result of that, the productivity of coffee has been increasing. ”

*Jean Marie,
Farmer in Rwanda*

HEIFER DISTRIBUTION (FARMERS PROSPERITY):

The heifer distribution program in Rwanda increases income diversification and decreases the costs of external farming inputs such as fertilizers. Coffee-producing families consume the milk produced by the cow (76% of the production quantity) as a reliable protein source for the farmers and their families —surplus is sold in the local markets. In addition, farmers use cow manure to fertilize coffee trees to improve yield and income.

This additional source of income plays a significant role in minimizing coffee farming income fluctuation. A farmer selling milk surplus perceived an average extra annual income of 60,000 Frw (equivalent to 51 EUR) in 2021. Although coffee income decreased on average by 6,8% per household in 2021, **a beneficiary of the Selecta Coffee Fund perceived a 10% increase in annual household income.**

The heifer program covered 431 beneficiaries in two districts of the Southern Province of Rwanda in 2021 — 144 are woman beneficiaries (33%). The strong sense of community in this program is reflected in the distribution planning of the calves. The free passing of first new-born calves from farmer to farmer started in 2019. The farmer-to-farmer heifer distribution covered 48% of the new beneficiaries in 2021 and 60% in 2022. Since December 2020, sourcing and distribution to farmers included pregnant cows to improve the reproduction rate.



FACTS AND FIGURES THROUGH AUGUST 2022



Target: 500 Beneficiaries
Outcome: 431 Beneficiaries

33% are women farmers



Target: 500 Farmers trained
Outcome: 629 Farmers trained*

204 women farmers

10%

**INCREASE IN THE HOUSEHOLD
ANNUAL INCOME OF FARMERS
THROUGH THE HEIFER PROGRAM
AND EXTERNAL FACTORS****

27 **TRAINING
SESSIONS**

98%

**ATTENDANCE RATE
TO THESE REFRESHER
COURSES**

* One farmer could have been trained more than once due to the annual refreshment trainings. New beneficiaries are: 416 farmers in total.

**Farmer income raised by 10% amidst a lower coffee yield in 2021.

RWANDA TIMELINE & MILESTONES*:

- 150 Beneficiaries of the Heifer Program
- 5 training sessions
- 150 farmers trained
- The first four beneficiaries received a heifer through the pass on method

2018

Launch of the Heifer Program and GAP Training

- 85 Beneficiaries of the Heifer Program
- 3 training sessions
- 85 farmers trained

2019

- 330 Beneficiaries of the Heifer Program
- 17 training sessions
- 319 farmers trained
- Initiation of the annual refreshment trainings

2020

- 214 Beneficiaries of the Heifer Program
- 7 training sessions
- 52 farmers trained

2021

- 395 Beneficiaries of the Heifer Program
- 21 training sessions
- 272 men farmers trained
- 120 women farmers trained

2022

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Honduras

Selecta partnered with Mercon to set up Five Model Farms paving the path for 123 farmers in El Paraiso, Honduras to transition to regenerative agriculture practices. The Five Model Farms showcase and promote regenerative farming practices to increase family income, climate resilience, and reduce carbon emissions (initially 15% after the regenerative system has been fully implemented) of Honduran coffee smallholders.

FIVE MODEL FARMS

These farms will function as ‘field experimental schools’ to locally showcase regenerative agriculture practices and to convince other farmers in the region to adopt these farming practices.

Initially, we are setting up five model farms which will benefit from training on low emission farming techniques and soil conservation, support in developing inter-cropping systems and generation of bio-fertilizers. In addition, more accessible technology for waste water management will be tested. These initiatives aim to impact carbon storage, income through diversification, and coffee yield productions.

If these model farms are successful, we expect to roll-out these practices to their 123 coffee farmer peers to embrace regenerative agriculture practices through the customization of these models.

REGENERATIVE FARMING PRACTICES

Sustainable farming is a harm-reduction approach—a crucial first step on the path toward creating an overall better food system. On the contrary, regenerative farming is a healing-approach that focuses on healthy soil—a clear benefit of regenerative practices— that acts as a carbon pool (reservoir) and carbon sink (a mechanism that removes greenhouse gases from the atmosphere) while supporting farmers to adapt to a changing climate.

Selecta Coffee Fund

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