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SELECTA COFFEE FUND

May 2022

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 through improved coffee quality and yield, build climate resilience, and tackle social challenges. Coffee sold by Pelican Rouge 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.

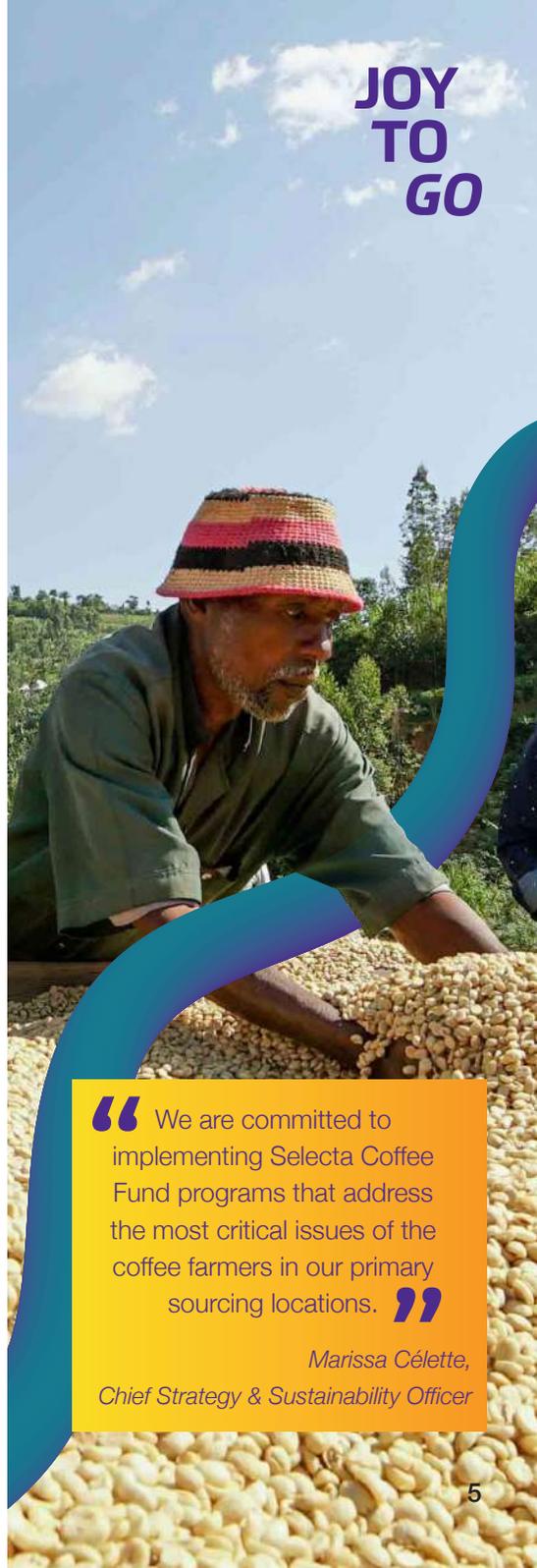
We run our programs in close **collaboration with partners** in our supply chain, local agronomists, governments, civil society organizations, and other subject matter experts. In this way, we are bundling on the knowledge of experts to maximize our impact.

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 at least 2.500 farmer families directly and more than 15.000 indirectly 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 and we expect to launch more projects in 2022 and 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

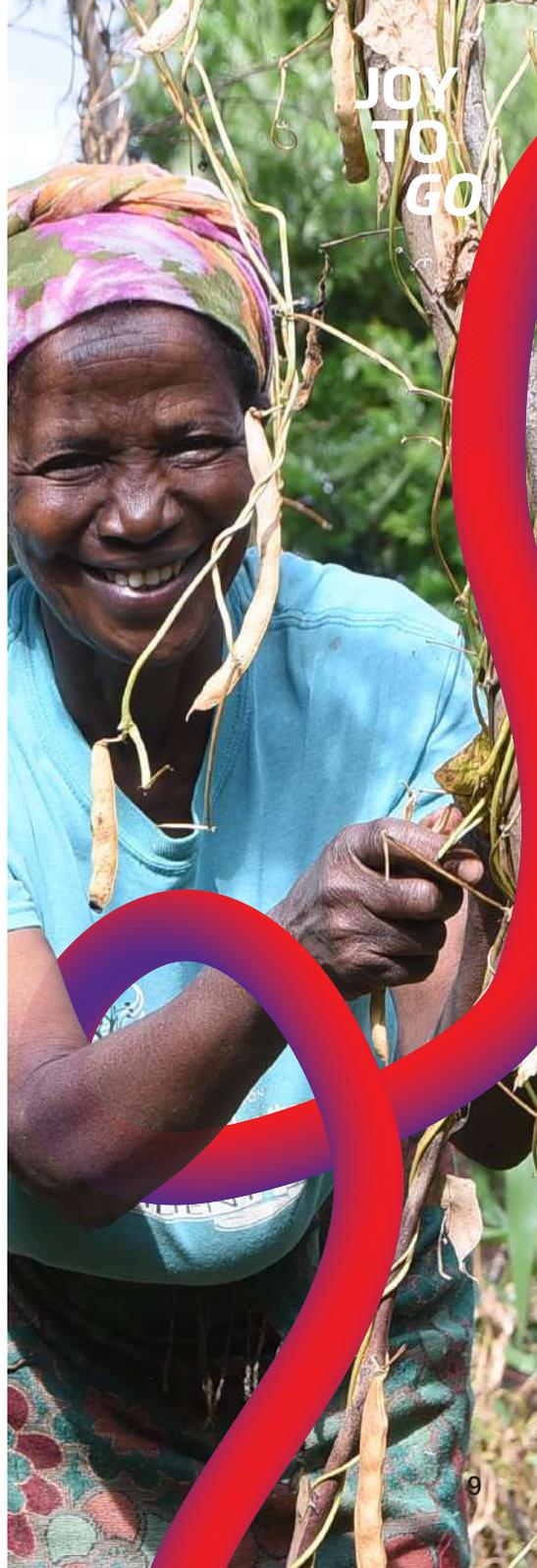
We carefully designed the implementation of this project with all the partners involved and set targets according to the 2020 local impact assessment that shed light on risks and priorities in the local coffee supply chain.

COFFEE PLANT REJUVENATION AND DIVERSIFICATION OF PLOTS:

By the end of 2021, four nursery beds have been constructed in the Mumirwa region. By the end of 2022, the remaining seven nurseries will be completed. 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.

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. ZOA completed the Gender Assessment in the region and developed a plan of action covering 44 woman groups with a plan to implement in 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 381 farmers were fully trained, including 53 women farmers. In the period between July and September 2021, commercial activities required the trainings to be put on hold. These will be resumed in 2022 with a target to train 400 farmers in total.

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 WASH proposal of specific activities for the project area. The project will focus on nine hills in the communities of Burambi and Musigati. 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 May 2022, two water sources have been rehabilitated. These rehabilitation projects were a joint effort between the program and local communities.



“ 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 MAY 2022



Target: 11 Nurseries
Outcome: 6 Nurseries



Target: 400 Farmers trained
Outcome: 381 Farmers trained



Target: 270 households
Outcome: Local gender assessment*



Target: 20 water sources rehabilitated
Outcome: 2 water sources rehabilitated**

* The Local Gender Assessment was initiated in the first quarter of 2022; the Integrated Farm Plan Training (Plan Intégré du Paysan – PIP) has initiated in the second quarter of 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
- Income assessment
- 2nd Round of funds (Project B)

2022

Implementation of interventions:

- Gender Assessment by ZOA
- 6 Nurseries
- WASH local study and rehabilitation of 2 water sources



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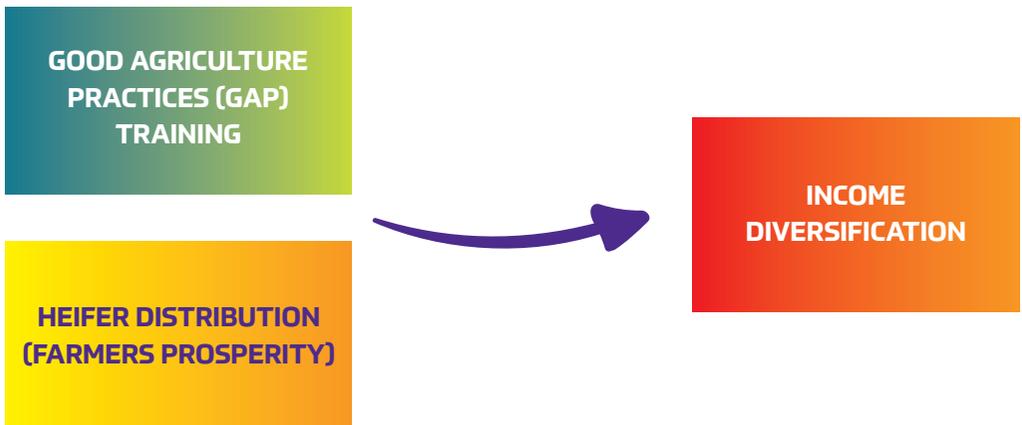
Rwanda

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 external inputs cost (fertilizers).

The result areas of this project are as follows:



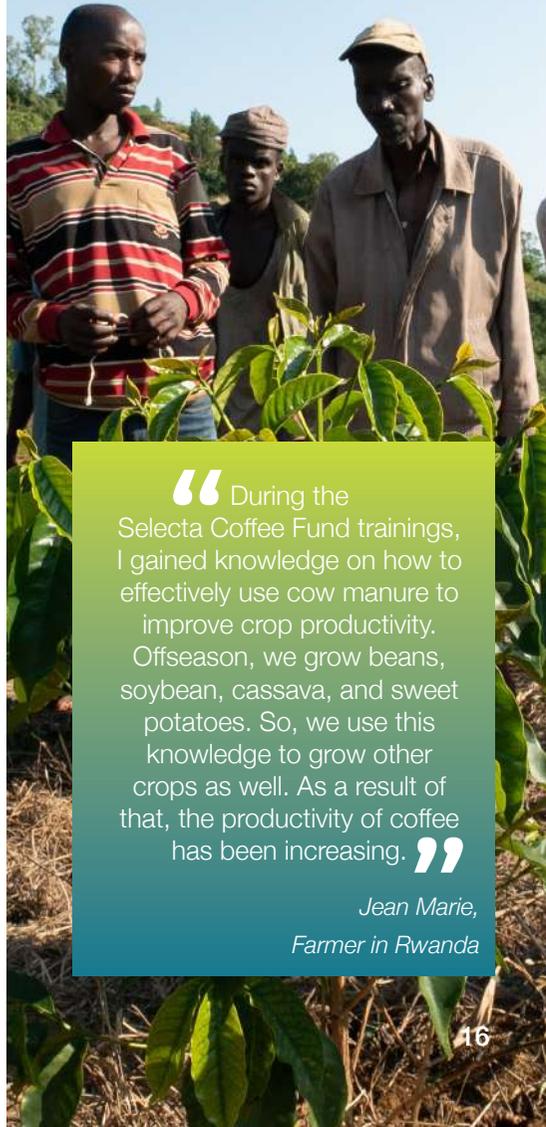
ACHIEVEMENTS & CHALLENGES

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 319 farmers received the farming and cow husbandry modules in 2021; 96 of whom were women.

Equally important, farmers receive refreshment training in the local language. Attendance to these refresher courses was 98% in 2021. In 2021, we provided 17 training sessions. 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 for the farmers and their families. The surplus is sold in the local markets. In addition, farmers use cow manure to fertilize coffee trees - improving 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 330 beneficiaries in two districts of the Southern Province of Rwanda in 2021. This is 54% higher than distribution in 2020. The program has a strong sense of community, as reflected in its distribution planning. The free passing of first new born calves from farmers to farmers started in 2019. The farmer-to-farmer heifer distribution covered 48% of the new beneficiaries in 2021. Since December 2020, sourcing and distribution to farmers included pregnant cows to improve the reproduction rate.



FACTS AND FIGURES THROUGH MAY 2022



Target: 500 Beneficiaries
Outcome: 395 Beneficiaries

30% are women farmers



Target: 500 Farmers trained
Outcome: 392 Farmers trained

223 Men and 96 women farmers

10%

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

17

**TRAINING
SESSIONS**

98%

**ATTENDANCE RATE
TO THESE REFRESHER
COURSES**

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

RWANDA TIMELINE & MILESTONES*:

2018

Launch of the Heifer Program and GAP Training

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

2019

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

2020

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

2021

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

2022

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

*Numerical values are cumulative

Selecta Coffee Fund

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