

QUARTERLY RETURN

shared-interest.com | WINTER 2023

ISSUE **130**

**MEASURING
OUR IMPACT ON
HONEY AND
COCOA FARMERS**

Full story on pages 4 and 10

SHAREDINTEREST
INVESTING IN A FAIRER WORLD

WELCOME TO YOUR WINTER MAGAZINE

Welcome to your first member magazine of 2024. We hope you enjoyed receiving your Christmas card and message from Peruvian cocoa farmers Nena and Noemi.



Over the past 12 months, we have featured the complex and evolving challenges and successes experienced by our customers. One thing which continues to shine through is the sense of community we all share.

Our Longitudinal Case Studies provide us with an opportunity to illustrate the impact of your investment on producers and their families.

In South East Ivory Coast, cocoa co-operative CAYAT is leading the way in promoting gender equality, and addressing the region's deep socio-economic challenges. A notable achievement in a traditionally male dominated industry. Director General Awa Traoré said:

"Our objective is that the women within the community become 100% autonomous so that we achieve our main goal, which is the wellbeing of the producers' families."

Meanwhile, in the Yucatán Peninsula of Mexico, EDUCE co-operative is supporting 800 beekeepers who depend on honey production for their livelihoods. Facing the challenge of fluctuating demand and prices for their product, EDUCE is able to offer beekeepers a steady income and a stable price for their honey. The co-operative is utilising Shared Interest finance to enable them to prefinance the honey harvest. You can read more from CAYAT and EDUCE on pages 4 and 10.

On page 7, you can also hear from one of our longstanding buyer customers, SERRV. Since 1949, SERRV have been enabling better access to markets for farmers and artisans by selling their goods to the US market. A real pioneer in the global fair trade movement, SERRV will celebrate their 75th anniversary this year.

Last year saw the return of our in-person supporter events and I know they were enjoyed by all that attended. This year, we will be visiting Durham, Manchester and Bristol.

These meetings will take place during the spring and summer months, and we will share more details with you shortly.

Lastly, I want to remind you of the opportunity to share in our AGM voting process, which is detailed in your enclosed leaflet. For those members with access to our secure Member Portal, you can vote online. Our AGM will take place virtually on Zoom on 15th March and I hope you will be able to join us. If you need further assistance in accessing the event, or wish to manage your Share Account via the Portal, please get in touch with our Membership Team.

Until next time,

Patricia Alexander
Managing Director

ANNOUNCEMENT: SEARCH FOR A NEW FINANCE DIRECTOR

As we approach the planned retirement of Tim Morgan, who has been serving as our Finance Director and Company Secretary since 2009, we are initiating the recruitment process to fill this crucial role. Tim is set to retire in January 2025, and we are actively seeking a qualified candidate to join our team. In order to facilitate a seamless transition and ensure a comprehensive handover, we are commencing the recruitment process this month.

We are committed to finding an individual who aligns with our values and shares our dedication to fulfilling our mission. As members, your recommendations and referrals are highly valued.

Kindly share this information with any potential candidates or individuals who may have suitable recommendations and contact us on recruitment@shared-interest.com if you would like any further information.



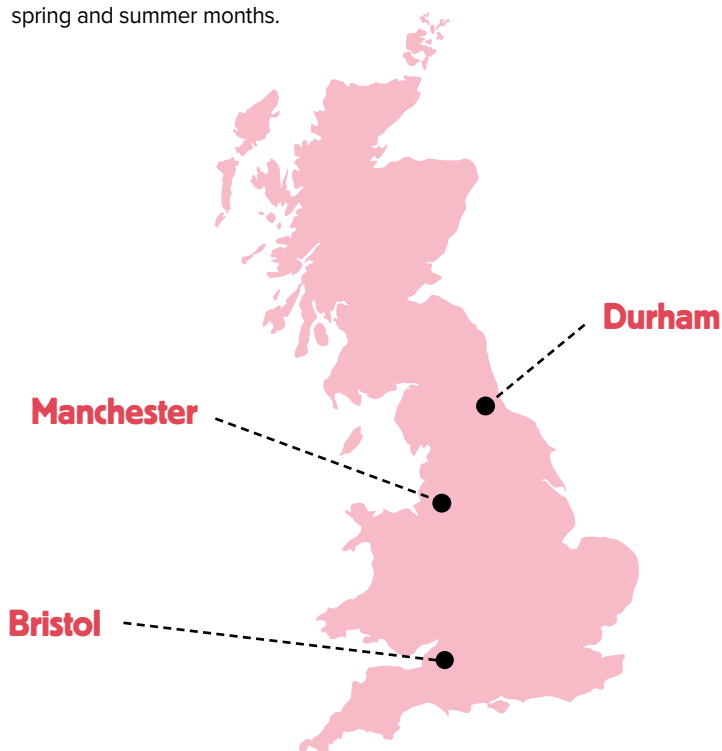
Members at our supporter event in London last year.

SUPPORTER EVENTS

As mentioned earlier, our AGM will take place virtually on the 15th March. This is an excellent opportunity to hear more about the work of Shared Interest and our performance through the year.

As well as the very popular online events, we are also holding in-person member meetings, which will take place in Durham, Manchester and Bristol during the spring and summer months.

We will be bringing you more information about these in your next newsletter.



COUNCIL COMMENT

As I write down these words news of devastating conflicts around the world continues to unfold affecting not just families but entire communities. Last year I had the privilege of attending my first supporter event where Heather Co-founder at Zaytoun, a previous customer, shared an account of how she and a group of friends travelled to a region to help with the olive harvest amid the shadows of the newly built wall and increasing restrictions on Palestinian trade. The stark reality that the situation has worsened since that talk underscores the vulnerability of producers and their communities.

Reading Social Accounts this year (you can find a summary in the centre of this QR) the harsh realities of farmers' lives really hit home. I have reached a deeper understanding of the huge challenges impacting the farmers and artisans partnered with Shared Interest. Not only for some the effects of conflict but also the compounding effects of climate change, the aftermath of the pandemic and the global cost-of-living crisis, all contributing to devastating consequences for our producers.

At Shared Interest we firmly believe in the benefits Fairtrade certification brings to producers ensuring they receive fair and stable prices for their products. By guaranteeing fair prices Fairtrade certification enables producers to enhance their standard of living, invest in their farms or businesses and support their families. In the past year we have proudly supported over 400,000 producers helping them earn nearly a billion pounds in revenue. I am aware of Shared Interest's commitment to substantiating every claim, instilling confidence in the figures presented in this year's report. Witnessing our impact year after year leaves me in awe and we should all take immense pride in being part of this remarkable organisation.

On a personal level I am finding it very rewarding to gain insights into the inner workings of Shared Interest. It has been a privilege as a new Council member to observe meetings of the Board as well as witness and engage with thought-provoking discussions on the Council.

Kathleen Hall
Member of Council

CAYAT was founded by a group of farmers whose aim was to bring cocoa farmers together.

CAYAT farmers husband-and-wife Soumia Affouo and Dominique K.Kouame on their cocoa farm in Abidjan, Ivory Coast.



MEASURING IMPACT

As part of our monitoring and evaluation process, we carry out research to examine the longer-term effect of our support. We select businesses we have worked with for five years or more and explore two levels of impact: that of our financial support to producer organisations, and the wider impact on the livelihoods of the smallholder farmers or artisans they serve.

These studies enable us to better understand our impact at both enterprise and household-level and provide us with information necessary to continuously improve our services. We are grateful to the contributors who share their stories, so that we can understand this impact as fully as possible.

In your summer QR, we introduced you to the businesses behind this year's two studies. We have now completed our research and the full case studies are available as appendix items in our Social Accounts Report 2023. You can download these on our website at shared-interest.com/social-accounts. In the meantime, you can find some highlights here and on page 10.

CAYAT

Globally, it is estimated that there are around six million cocoa farmers and between 40 and 50 million people who depend on cocoa for their livelihood (World Cocoa Foundation). CacaoNet estimate 70% of total cocoa production comes from Africa (predominantly Ghana and Ivory Coast in West Africa). Europe is the largest importer of cocoa beans worldwide, with 56% of global imports (CBI Ministry of Foreign Affairs, 2022).

On the surface, the cocoa sector appears to be male dominated as the majority of farms are owned by men (the Fairtrade Foundation reported in 2020 that only 25% of women cocoa farmers in Ivory Coast own their land), and it is the landowners who bring the beans to the collection sites and receive the payment.

However, according to a report by Fairtrade Foundation titled 'The Invisible Women Behind our Chocolate', women account for two thirds of the labour force.

Many co-operatives have now established women focused initiatives to improve access to training, inputs including seedlings and financial services in order to strengthen womens' involvement in the cocoa sector and reduce gender inequalities.

CAYAT is a cocoa and coffee farming co-operative, based around the towns of Adzopé and Yakassé-Attobrou in South East Ivory Coast. Like many areas across Ivory Coast, the La Mé region where CAYAT is located is home to many cocoa farmers who depend on the crop to earn a sustainable income.

CAYAT was founded by a group of farmers whose aim was to bring cocoa farmers together and address the region's deep socio-economic challenges, while advancing sustainable agriculture and increasing farmers' incomes.



Director General Awa Traore pictured centre with employees of CAYAT.

The co-operative started with 283 members in 2010 and has since grown to over 3,300 members today. Through their range of social impact projects, commitment to Fairtrade, environmental conservation and innovation, CAYAT have positioned themselves as a leader in the sector.

In 2012, CAYAT received Fairtrade certification for their cocoa. In 2013, they were certified by Rainforest Alliance and UTZ. CAYAT are also certified by 4C Association for their coffee and are in the process of obtaining organic certification.

In 2015, CAYAT created an 'Association of Women' in order to train women farmers to play a more equal role in the co-operative. Since then, the association has grown to over 500 members.

Awa Traoré (pictured above, centre wearing blue) has been the Director General of CAYAT since 2017. Awa is also a graduate of Fairtrade Africa's Women's School of Leadership (WSOL), established to support more women to take on leadership roles within their local economies and societies.

She told us:

"We have demonstrated the important role women play in society. We have demonstrated that women must take a leading position in order to change things in our society."

CAYAT became a customer of Shared Interest in 2016 with an Export Credit (COEC) facility to enable them to purchase cocoa beans from their members. This facility has been steadily increased in line with the growth of the business.

Awa said: "The first financial facilities were given when I first started at CAYAT and the support provided by Shared Interest was extremely helpful because in Ivory Coast, the truth of the matter is that access to financial institutions is very difficult, especially for co-operatives."

CAYAT has used the premium received from the sales of their Fairtrade cocoa to implement social impact projects supporting employees, their members and the wider community.

Rosine (pictured on the following page) has been a cocoa farmer since 2000. She received two hectares of land from her grandmother to start her cocoa farm. Access to land is a great challenge for women living in the rural communities, especially land to grow cocoa, which is a long-term production crop.

Rosine was motivated by the support CAYAT could provide to her, which she described as: "first, a guaranteed market, but also training, quality improvement, premiums, and equipment". Since joining CAYAT, Rosine has received training in Good Agricultural Practices (GAP), and participated in the Women's School of Leadership, a programme coordinated by Fairtrade Africa and funded by Équité.

Rosine explained the impact of this training:

"Many of us were illiterate, but with the training offered by CAYAT, we can now read and write a little. Thanks to the CAYAT training, I now know how to save, engage in agricultural good practices, and help others."

CONTINUED >

Thanks to the CAYAT training, I now know how to save, engage in agricultural good practices, and help others."

Rosine, Cocoa Farmer

Secretary General of the CAYAT women's association
Rosine Bekoin, working on her nursery.



Rosine has been able to increase her production from 250kg to 2,000kg. In addition to farming cocoa, Rosine also grows cassava, which she sells on the local market. She is also employed by CAYAT as a Nursery Attendant where, together with three other women, she oversees the development of the shade trees before they are distributed to the farmers.

Rosine's ambition is to support the women at CAYAT to go into full-time agro-processing and value addition. She also wants to create a brand which is recognised across the whole country. Her personal ambition is to become a processor, or even the director of a processing company.

She said: "Here, after harvesting the cacao, men often find themselves without money, so women help them by working, to bring money into the household and pay for the children's education. The situation can sometimes be difficult.

"Thanks to these jobs, all the women involved in CAYAT have been able to put their children in school and to take decisions for themselves. Without this, we're nothing."

"Today, we put oil in our husband's motorbikes when they go into the fields. This wasn't the case before. We used to have to save up individually, but we now also have our own savings and loans association exclusively for women, in addition to the scheme for both men and women. We contribute to it and can take out loans and use them as we please."

You can read the full Longitudinal Case Study on CAYAT on our website.

"The first financial facilities were given when I first started at CAYAT and the support provided by Shared Interest was extremely helpful."

Awa Traoré, Director General of CAYAT



Rosine removes cocoa beans from the pods.

A BETTER WORLD IN THE MAKING

Founded in 1949, SERRV International was one of the first fair trade organisations in the world. Their journey began by helping displaced European refugees trade their handicrafts for income after the Second World War. Since then, they have extended their reach to 22 countries worldwide, working to empower over 8,000 artisans and farmers every year by selling their beautiful handicrafts.

SERRV focus on the fair trade handcraft and food markets, sourcing products mainly from Ghana, South Africa, India and Vietnam, enabling better access to markets for farmers and artisans by selling their goods to the US market. Today, they work with 49 producer groups in 22 countries, providing them with trade, training, grants, technical assistance and financial support.

As a founding member of the World Fair Trade Organization (1989), formerly known as IFAT, and the U.S. Fair Trade Federation (1994), SERRV has been a pioneer in the global fair trade movement. Only working with organisations who share their values, every letter in their name has purpose, and stands for an important part of their mission.

Sustainable, Employment, Resources, Rights and Vision

Shared Interest began working with SERRV 25 years ago, when they approached us for finance to purchase goods from producers.

CEO at SERRV Kate Doye Betts said: "Shared Interest's financial help reaches far beyond enabling SERRV to provide a 50% advance payment with purchase orders twice or more a year. Artisans and farmers are able to secure the necessary raw materials to meet production and fulfill and ship orders on time.

"Once an order is shipped, the balance to the producer is paid through Shared Interest. Not only is the producer paid a fair wage for his or her product but built into the product cost is a percentage that goes towards social and community programs, health and welfare initiatives, education and environmental projects, to mention just a few.

"The impact of that initial advance payment empowers producers both economically and socially. And with the sale of beautiful handicrafts and foods, SERRV is able to assist producers through grants, training, disaster relief, appropriate technology, design and financial aid."

Our lending to buyers like SERRV is crucial in fair trade, as they must provide a 50% upfront payment to producers per the WFTO Fair Trade Principles. Shared Interest helps by facilitating 'recipient producer payments.'

In India, Bangladesh, Nepal, and Pakistan, we are unable to lend and get our money back due to financial regulations. By offering credit to buyers like SERRV, we indirectly help these producers access working capital, enabling buyers to pay artisans and secure raw materials for timely order fulfilment.

Satyendra Khadgi, Member and Marketing Director of Kumbeshwar Technical School in Kathmandu, Nepal, said: "Since the early 90s, we have cultivated a lasting partnership with SERRV, enabling us to sustain our social initiatives aimed at providing free education, vocational training and employment opportunities through our income-generating program to numerous underprivileged individuals and communities. Beyond purchasing our products, SERRV has generously offered financial backing for our social endeavours while also enhancing our organizational capacity and resources. This enduring collaboration has played a role in empowering our organization to make a meaningful difference in the lives of those in need."



Handcraft producers Bhinmaya Tamang and Devika Dhakal, who work with SERRV.

WFTO 10 PRINCIPLES OF FAIR TRADE

The 10 Principles of Fair Trade specify the ways that Fair Trade Enterprises are set up and behave to ensure they put people and the planet first. World Fair Trade Organisation (WFTO) carries out verification and monitoring to ensure these principles are upheld.



SOCIAL ACCOUNTS



Yao N'guettia.

Each year, we publish a set of Social Accounts, which report on our social, environmental and economic performance and impact. These accounts are produced in accordance with the process recommended by the Social Audit Network UK (SAN) which includes an audit by an independent panel, chaired by a SAN qualified social auditor.

A recent report published by the Smallholder and Agri-SME Finance and Investment Network (SAFIN), stated "Recent years have presented shock after shock, not only to the agriculture sector but to the global economy as a whole. From restrictions on labour movement, steep increases in input prices, logistical bottlenecks, and falls in market demand, global crises have threatened the livelihoods of agripreneurs everywhere."

This backdrop emphasises how the need for our finance is increasingly important.

Our Social Accounts report highlights the accomplishments of Shared Interest in supporting those communities most severely impacted. Collaborating with farmers, artisans, and communities, we have strengthened businesses, expanded employment opportunities and supported the introduction of sustainable farming methods.

The supported businesses collectively earned £982 million, with 109 customers turning a profit, including 86 with increased profits, showcasing the resilience of producer groups.

In terms of our lending, coffee remains our largest focus, mainly due to the scale of Fairtrade certified production, with more than half of all Fairtrade certified producers growing this commodity.

IN 2023 WE LENT MONEY TO...



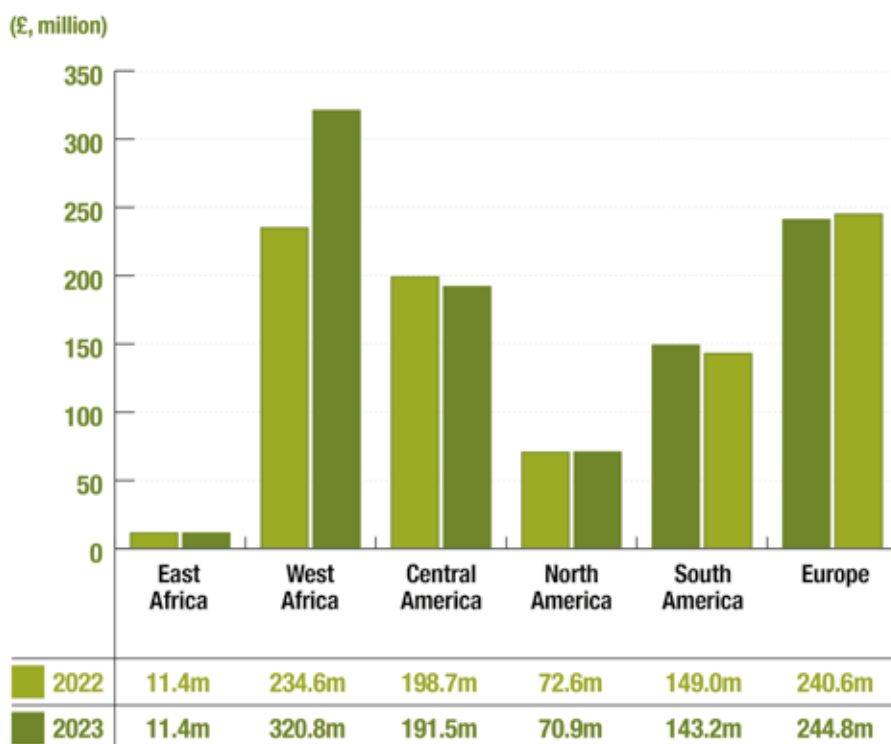
"We do everything to assure our producers that we can go far together."

Yao N'guettia, General Secretary of the Board of CAYAT

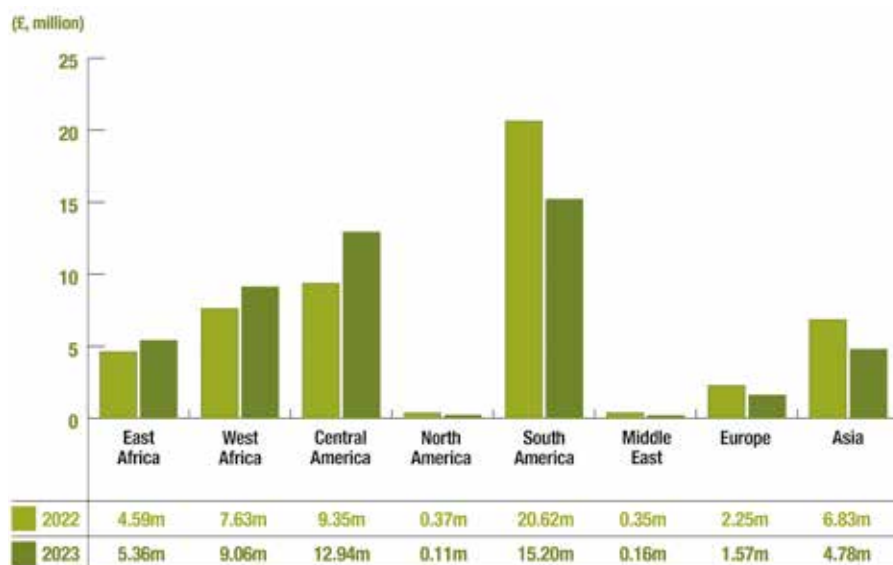
We however remain committed to supporting a wide range of products, including fruit, seeds, sugar, honey, herbs and nuts. Handcraft and textile products continue to hold an important place in our lending, as we maintain our focus on small and disadvantaged producer groups. Notably, we believe that we remain the only social lender to provide finance to this sector.

Our main aim is to support people in remote and disadvantaged communities to trade and earn a living. However, our work is not just about providing finance.

CUSTOMER SALES PER REGION



DISBURSEMENTS MADE PER REGION TO PRODUCER CUSTOMERS* AND RECIPIENT PRODUCERS**



The producers we support say that we have helped transform their communities. This year, our finance supported 173 customers, consisting of 153 producer groups and 20 buyers.

During 2023, a total of £49.2m was disbursed. Slightly lower than last year due mostly to a reduction in South American disbursement as this region was affected by the new Fairtrade Minimum Price in coffee (see page 13), which increased during the harvest season and led to buyers being reluctant to place orders. Some buyers even chose to buy non-certified coffee at a lower price, which meant the farmers also did not receive the Fairtrade Premium.

*PRODUCER CUSTOMERS

Businesses that supply fair trade products and have a contract with Shared Interest to borrow money in order to finance that trade.

**RECIPIENT PRODUCERS

Producer businesses, which do not have a credit facility with Shared Interest, but who receive payments from Shared Interest on behalf of their buyers.

Beekeeper Jorge Luis Chan gently brushes the honeycomb to see if it has enough honey to be harvested.

EDUCE

Established in 1997, Sociedad Cooperativa de Responsabilidad Limitada (EDUCE) is a co-operative dedicated to the production and export of Fairtrade honey. Today, EDUCE represents the voices and interests of 800 beekeepers in 40 co-operatives across three states of the Yucatán Peninsula of Mexico. This area is known for its production of high-quality honey, particularly from the Melipona bee, which is native to the region. These bees are stingless and are known for their unique honey, which is prized for its medicinal properties and distinct flavour.

For Mayan communities, bees and honey have always been sacred. The honey produced in the region is harvested using traditional methods, which involve using small wooden boxes called “cajas” to house the bees and collect the honey. The cajas are placed in areas with abundant flowering plants, and the bees are left to forage and produce honey at their own pace. Once the honey is ready it is extracted using simple tools and techniques with minimal disruption to the bees and their habitat.

EDUCE General Manager Miguel Ángel Munguía states that for each kilo of honey marketed as Fairtrade, an additional 20 cents are paid to the farmer through the Fairtrade Premium. This represents 1.50 to 2 pesos per kilo of honey, the equivalent of 0.07p to 0.09p.

For many producers in the region, beekeeping is one of the main sources of economic income. Other activities such as cornfields and family gardens are present, however, they exist for subsistence.

One of the key challenges that beekeepers face is the commercialisation of honey at low prices, combined with the impacts of climate change.

In Mexico, there are 40 UNESCO World Network Biosphere Reserves which function as long term refuges for biodiversity. According to the United Nations, climate change is playing an increasingly important role in the decline of biodiversity around the world. Specifically in beekeeping, alterations in rainfall patterns and drought events, interspersed with an increased frequency of natural phenomena such as hurricanes and storms, represent key factors which increase the unpredictability of flowering periods and therefore constitute the destabilisation of the industry.

This unpredictability makes it increasingly difficult for beekeepers to harvest the same amount of honey each year, as they must coordinate and anticipate the flowering time to ensure that hives are ready for honey harvesting.

This poses a serious challenge to the farmers, who are threatened with losing a significant portion of their income.

EDUCE first became a Shared Interest customer in 2002, when they received a loan to prefinance honey orders; they held this first facility until 2005. In 2015, we re-established contact with EDUCE and in 2016 they became a customer for the second time, receiving loans to prefinance their honey harvest.

EDUCE currently utilise the finance from Shared Interest to build stocks of honey and to prefinance honey contracts. Since working with Shared Interest, the number of producer groups has increased from 63 to 113.

Miguel explained the size of these groups ranges, from 10 members to 140 members. He said:

“Financing (from Shared Interest) has been key to increasing volume and growing.”



Beekeepers Maria and Diego Colli pictured together in Maria's apiary.

"EDUCE have shown us how to diversify our products, make other uses of our products and more than anything, it's given an opportunity as women specifically, before you didn't see any, there was no such thing as a woman beekeeper."

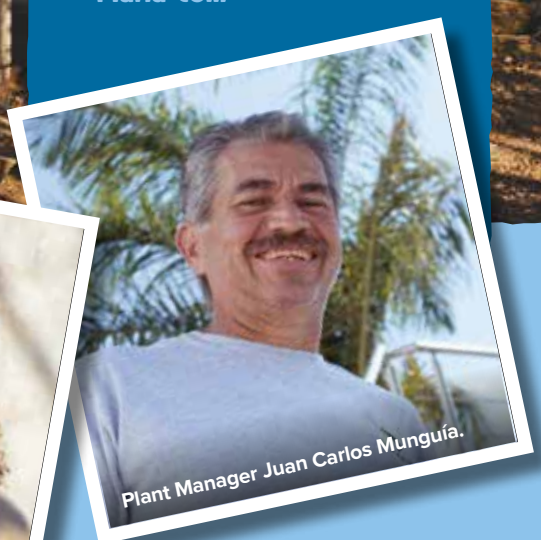
María Colli

"The money allows the beekeepers to continue with their work, maintain their families and be productive members of society."

Commercial Manager Leonor López Garduza



Commercial Manager Leonor López Garduza.



Plant Manager Juan Carlos Munguía.

Speaking about the benefits of the Shared Interest loan, Commercial Manager Leonor López Garduza (pictured above) said: "The money allows the beekeepers to continue with their work, maintain their families and be productive members of society. Without that money, the producers would be at the mercy of other traders who are less ethical."

Plant Manager Juan Carlos Munguía (pictured above) said: "The investors can be sure that for the last 25 years, EDUCE has been working in the Maya communities, meaning the very rural, very isolated traditional communities to support a better standard of living for them. It enables them to conserve their communities, and the environment and the earth, and always to benefit them. I would say it is a link in the supply chain, it strengthens and benefits the groups and the producers and their development.

"It is consolidating and keeping together families and communities and giving them options for living. It helps to avoid them having to fall into worse things like drugs trade or other things so as to make sure that they have good options. So those communities, small communities don't lose their essence as indigenous or Mayan people."

By offering beekeepers a higher price for their product, they are incentivised to join EDUCE. Juan continued: "In the time EDUCE has been formed, it has narrowed the space between the beekeepers, the producers and the clients. So the price we can get is as good as it can possibly be because there are no intermediaries. And then at the end of the year, we have a profit, a leftover amount that we can pass on to the beekeepers."

María Colli (pictured above) has been an organic beekeeper for four years. She lives in Izamal in the region of Yucatán, Mexico.

Maria said: "The motivation why I was interested in joining with EDUCE was the price. It's a good price for us. And the other thing is that they give us workshops, they run workshops for us on gender and on the environment... This is very small town village and with a fair bit of machoism, and so these workshops, they've opened our eyes perhaps. It's a pleasure for myself and the other women to have them. We used to be embarrassed to voice opinions or to speak up. Or we were shy. But not anymore.

"EDUCE have shown us how to diversify our products, make other uses of our products and more than anything, it's given an opportunity as women specifically, before you didn't see any, there was no such thing as a woman beekeeper. But now there's myself and my group, we've been the first and there's another group forming as well."

You can read the full Longitudinal Case Study on EDUCE on our website.



A LEGENDARY HERITAGE AND BRIGHT FUTURE

Tucked away within the “green cloak” of Peru’s central jungle, encompassing the Chanchamayo, Satipo and Oxapampa provinces, members of the Cooperativa Agraria Agroindustrial Mishagro (Mishagro) co-operate work responsibly and respectfully towards the common goal of leading the production of special and certified coffee in the region.

Founded in 2018 with the purpose of improving the livelihoods of local smallholder farmers, Mishagro has since expanded substantially after obtaining Fairtrade and organic certification. This has enabled them to increase sales and export volumes and begin paying higher prices to farmers for their crop.

Today, Mishagro comprises 188 producers, with women accounting for 57% of their workforce. On average, members farm 551 hectares of land situated within the protected forests of San Matías, San Carlos and Pui Pui, each of which create the unique microclimates that benefit the production of Arabica coffee in the area.

Mishagro takes its name from a local legend. As the story goes, a celebrated indigenous man in the area had a pet that loved to eat coffee grains. The animal “expelled” these grains around the fire one night, and the subsequent aroma enchanted this individual in such a way that he was encouraged to cultivate coffee and became a dedicated coffee drinker. The pet’s name was “Mishagro”.

This high quality coffee, passed through generations, has now captured the interests of buyers throughout international markets, resulting in an expanding sales volume and a growing opportunity for farmer members to improve their livelihoods.



Customer Representative Santiago Ramos and Flor Jines Saquicoray.

Mishagro only recently became a Shared Interest customer, receiving finance this year, to provide pre-harvest payments to members, enabling the farmers to receive payment for their crops all year round.

Flor Jines Saquicoray (pictured above) is a founding member and Board President of Mishagro. After completing a degree in Food Industries Engineering at a local university, Flor has acquired over a decade of experience in the coffee sector. She told us: “With the financing line, which is a considerable amount, it helps us to buy coffee from our producers for several contracts.

"My mother and I have chosen to belong to Mishagro because it is a calm, honest organisation and you can feel the support for the farmer"

**Arnold Leon,
coffee farmer**



In late 2020, Mishagro obtained approval for a government grant. Led by the Ministry of Agriculture, this grant aims to improve the yields and quality of coffee through the implementation of specialised technical assistance, infrastructure and equipment, as well as the development of efficient production, collection and marketing systems for pre-harvest processing.

This initiative supports the co-operative's overarching interests to promote training and technical support to their producers as a means of increasing yields-per-hectare, resulting in the growth of production and additional income, many of whom rely on coffee as their sole source of income.

Coffee farmer Arnold Leon, said: "My mother and I have chosen to belong to Mishagro because it is a calm, honest organisation and you can feel the support for the farmer. There is technical support, they see what the coffee plant needs. We like it very much because they not only see for the organisation but also for all the members and so the organisation also grows. Mishagro has helped us to have better machinery and good fertilisation. I feel that we are improving and that encourages us to continue producing and to renew the plants that are already reaching the end of their life span. This makes the farmer feel motivated to excel."

Ultimately, empowering co-operatives like Mishagro means championing long-term, ethical trade relationships and principles of sustainability and equality that directly supports the well-being of smallholder coffee producers and their communities in Peru.

Arabica accounts for 75% of the world's coffee production, and is mostly cultivated in Brazil (40% of the world's total supply) and Colombia. Robusta accounts for the remaining 25%. Robusta is the coffee bean that is popular in Europe and espresso coffees, while Arabica beans are popular in the US.

In the past 12 months, the C price – the benchmark price for commodity-grade Arabica coffee on the New York International Commodity Exchange and the world benchmark for coffee futures contracts – has been falling.

For most of 2022, the price enjoyed highs of over \$2 per pound, but a combination of overly optimistic production figures and weaker economic conditions dampened demand and caused the price to tumble to \$1.47 per pound at the end of September 2023. Prices have averaged \$1.42 per pound over the past decade.

The Fairtrade Minimum Price is an important safety net for coffee farmers, protecting them against the volatile nature of coffee prices. Since the current Fairtrade Minimum Price came into effect in 2011, it has been above the global market price 52% of the time. During the most recent low point in 2019, where the C price dropped to 87 cents per pound, the Fairtrade Minimum Price was 52 cents higher than the market price (not including Premium) – a 60% benefit for farmer co-ops. There is however a negative impact for buyers as it becomes too expensive and can threaten the market for Fairtrade coffee.

In addition to the protective support of the Fairtrade Minimum Price, Fairtrade-certified farmers also receive a \$0.20 per pound social premium. This is an additional sum of money that is collectively invested in projects to improve productivity, climate adaptation, quality, infrastructure, and basic community services identified as priorities by the farmers and their organisations.

This year we saw the Fairtrade Minimum Price for Arabica beans increase on the 1 August to \$1.80 per pound, an increase from \$1.40 per pound. More than 80% of all Fairtrade coffee sold is washed Arabica. Producers holding Fairtrade certification often do so for the consistent price floor and differential that enable capacity-building and environmental protection.

"It is enough for five or six contracts and gives you a good support to be able to stockpile, if we didn't have it we wouldn't be able to buy the coffee as has happened in previous years.

"The impact on the campaign is important, it has helped us to generate profits and at the end of the year to be able to give them their fertiliser so that they can continue to fertilise their farms. I think it has had a strong impact. Before, not all the members used to fertilise their farms. For example, if they used to deliver 15 bags of coffee, now they will be able to deliver 22 bags of higher quality coffee.

"We are still a young co-operative that has been growing thanks to the commitment we all have wherever we are. We as directors have managed with transparency, sincerity, explaining to the member about the contract, the commercialisation of the coffee, the time in which it arrives at its destination so that they commit to our role as directors. There has to be a union as a family, we have to fight for our product to have a better value, a better price and this has been demonstrated."



These changes will have an impact on many coffee and cocoa farmers we work with.

DEFORESTATION MONITORING

In your last issue of QR we brought you encouraging stories of co-operatives introducing new innovative technologies that enable farmers to enhance the monitoring of their farms. These developments come as farmers face the challenge of compliance with EU Deforestation Regulation (EUDR).

Under the EUDR, only products that are legal in the country of production and not linked to deforestation and forest degradation can be placed on the EU market. The European Commission's legislative proposal is a groundbreaking step towards combating deforestation, however poses a challenge for smallholder farmers who do not have these practices in place.

These changes will have an impact on many coffee and cocoa farmers we work with. We have seen first-hand how producer groups have initiated a range of projects aimed at mitigating and adapting to the impacts of climate change, including training in climate resilience strategies, compliance with EUDR, irrigation management and reforestation. Such initiatives extend beyond agriculture, promoting environmental sustainability across the regions we work.

In November, Fairtrade International announced a positive step to support farmers: their new partnership with Satelligence. This collaboration will help to scale up satellite monitoring of forested areas and farms belonging to all Fairtrade- certified cocoa and coffee producer organisations globally.

The initiative aims to connect Fairtrade co-operatives with data on their members' farms and their deforestation risks, so they can share this data with their commercial partners and better manage forest landscapes.

The partnership will also support producer organisations – representing more than one million coffee and cocoa farmers cultivating 2.5 million hectares – to meet EUDR requirements so they can maintain access to important markets.

Jon Walker, Senior Advisor for Cocoa at Fairtrade International, said: "Inequalities in trading relationships will only widen if producer organisations are reliant on their trade partners for access to these important data. This partnership enables producer organisations and their smallholder members to have access to the data and act on risks identified."



CELEBRATING 20 YEARS

In February, our charitable arm Shared Interest Foundation will celebrate its 20th anniversary.

In 2004, Shared Interest Foundation was established to provide business and financial training to less-established organisations, those of whom were vulnerable to shocks and too small to access financial support. The purpose of the charity has now extended and we address future sustainability challenges, such as improving climate resilience and gender equality. Because of our interventions, businesses are stronger and have improved the health and well-being of their workers. In addition to providing economic opportunities for households, they generate seasonal and year-round employment, building more sustainable communities.

Over the past 20 years, Shared Interest Foundation has supported thousands of farmers and artisans in 15 countries across Africa and Latin America.

These projects have included a beekeeping project in Burkina Faso, in which we facilitated the installation of solar panels to enable a group of female beekeepers to process honey after dark. This not only marked the community's first access to electricity, but also empowered the group to significantly increase their honey processing capacity, subsequently boosting their income.

In Peru, we worked with a coffee co-operative to develop an eco-friendly way of controlling the borer beetle at their Centre for Innovation in the Amazonas region of the Andes. The project also supported the co-operative to establish their own infrastructure for the production of organic compost, enabling farmers to mitigate against the impacts of climate change and improve their coffee yields.

As you will have read in our annual review in the centre spread, our customers have faced many challenges over the year and this has had a significant impact on their stability and profitability.

In line with your request for us to provide more technical assistance during our strategic review process, this year, we will be working with 21 co-operatives across Africa and Latin America, delivering much needed support in financial management, governance, pricing and climate change mitigation and adaptation.

To celebrate this milestone anniversary, we will be hosting a series of online events during 2024 featuring our delivery partners and the co-operatives we have worked closely with over the years. You can find more information about the events on our website at shared-interest.com/foundation

SHAREDINTEREST
FOUNDATION
Building a fairer world

SHAREDINTEREST

INVESTING IN A FAIRER WORLD



COVER IMAGE: Vitaliano Cahuich, a beekeeper and member of EDUCE, a honey producing co-operative based in the Yucatán Peninsula of Mexico.

HELP RAISE OUR PROFILE

Join us on social media to keep up to date with our activities and help share our news with others.



SharedInterest



SharedInterest



SharedInterestSociety



Shared Interest Society



Shared Interest Society Ltd

GET IN TOUCH WITH US

Shared Interest Society Ltd.
Pearl Assurance House,
7 New Bridge Street West,
Newcastle Upon Tyne,
NE1 8AQ, United Kingdom

T: 0191 233 9101

E: membership@shared-interest.com

SHARE WITH A FRIEND

Have you considered passing Quarterly Return on to a friend or family member before recycling it?

If you would like a Resource Pack to spread the word about Shared Interest, please get in touch.



If you would like to manage your Share Account online, you can register for the Member Portal by calling us on 0191 233 9101.

CONVERSATIONS WITH OUR CUSTOMERS



Meet Vitaliano (pictured on the front of this QR), an EDUCE member buzzing with over 40 years of passion for his work, as well as other EDUCE members by scanning this QR code.

BECAUSE WE CARE



shared-interest.com

Shared Interest Society Ltd is registered with the Registrar of Mutual Societies, number 27093R. The Directors decide on what the interest rate payable to members will be. The interest rate since 1st October 2023 has been 0.25%

GROWING STRONGER

SUMMARY ANNUAL REVIEW 2023

Anita Akaffou, cocoa farmer at CAYAT co-operative working on her cocoa farm in Ivory Coast.



The 2030 Agenda for Sustainable Development has a crucial aim to eliminate global extreme poverty by 2030. Although progress has been made, the United Nations estimates that more than 700m people continue to grapple with extreme poverty. Sub-Saharan Africa remains the region with the highest number of individuals living on less than \$1.90 per day.

This review underscores Shared Interest’s achievements in improving the livelihoods of people in remote and disadvantaged communities by helping them trade their way out of poverty. Working together with producers and their communities, we have strengthened businesses and increased employment opportunities. We estimate that the businesses we supported this year collectively earned nearly £1 billion, with 109 customers recording a profit. Significantly, 86 of these businesses saw an increase in profits, reflecting the resilience of the producer groups.

According to our internal data, the producer groups we support employ 412,628 individuals, 32% being women. The number of permanent employees across both producer and buyer organisations increased in 2023, reaching 9,519 employees.

In pursuit of our mission, Shared Interest relies on the unwavering support of members, donors, volunteers and partners. Their invaluable commitment, along with the dedication of our international team, enable us to carry out our impactful work across 45 countries.

Our charity, Shared Interest Foundation, has continued to thrive with the support of 2,089 donors and seven grant makers. Over the past year, 14 projects supported the development of pioneering initiatives to generate vital income for rural communities.

As I embark on my term as Chair of Shared Interest, I feel immensely privileged to take on this role within such a unique organisation, which I believe stands as an exemplar in social justice. The comprehensive data presented in this report underscores the remarkable impact our finance has had, and we take immense pride in our achievements this year as we continue our mission to foster a world where justice is at the heart of trade finance.

Dr Yvonne Gale, Shared Interest Chair



CECANOR member Marina Olga Valenzuela Mondragon harvests coffee in La Florida district in Cajamarca, Peru.

SHAREDINTEREST

INVESTING IN A FAIRER WORLD

OUR MISSION

Our mission is to provide financial services and business support to make livelihoods and living standards better for people as they trade their way out of poverty.

We work collaboratively and innovatively with those who share our commitment to fair and just trade. With a community of members and the support of donors and volunteers, we seek to contribute to a world where justice is at the heart of trade finance.

OUR MEMBERS

In our vibrant community, unity thrives among our diverse membership, encompassing faith groups, fair trade partnerships, small businesses, schools and community organisations. At the close of the year, our membership reached a remarkable 10,259, with individuals holding 82% of Share Accounts, contributing to a total Share Capital of £51.6m: a slight decrease of £0.7m. The year witnessed a warm welcome to 167 new members, yet closures resulted in a net reduction of 157 Share Accounts. What truly sets our community apart is the unwavering commitment of our members, with an average Share Account tenure of 16 years, reflecting the enduring strength of our shared bonds.

OUR TEAM

We have a dedicated team of 34 colleagues and 92 volunteers who work across five locations to deliver our mission: Costa Rica, Ghana, Kenya, Peru and the UK. Retaining positive and engaged people is vital: 53% of our colleagues have been with the organisation for over five years and in a recent survey, 99% of respondents were engaged or actively engaged.

In addition, our volunteers make invaluable contributions, playing a crucial role in the organisation’s mission. We celebrated their dedication and support during Volunteers’ Week.

OUR IMPACT

Our financial support comes in the form of short-term and medium-term lending options, including Export Credit, Buyer Credit, Stock Facilities and Term Loans. During the year, we disbursed £49.2m to 173 customers, with 88% of these funds going directly to producers. In this challenging year, we approved five new facilities totalling £1.3m. Coffee continues to represent the largest of our value chain exposures, accounting for 48% of lending. This simply reflects the size of the Fairtrade and organic coffee market and its need for trade finance.

Over the year, our finance supported 412,628 producers, marking a 6% higher increase on the previous year. Recognising the pivotal role of gender equality in strengthening communities, it is important to note that 32% of those supported individuals are women, especially as Fairtrade International estimate that women typically constitute only 25% of smallholder farmers and workers directly involved in Fairtrade.

Our Customer Social Impact Survey indicated that almost half of the respondents witnessed an increase in their farmers’ income over the year. Additionally, 80% reported carrying out organisational development projects and 76% participated in community development projects.

The effects of climate change on agricultural production have also affected our customers, and we have seen first-hand how even small changes in temperature and precipitation can reduce crop yields. Unfortunately, our customers also faced shrinking profit margins due to lower product demand and rising input costs. We acknowledge that weak governance and subpar financial management pose ongoing challenges, especially in the Southern Hemisphere. Consequently, we have made provisions for a higher number and value of customer accounts than usual, recognising the uncertainty of these numbers.

“Producers are appreciative that Shared Interest finance is provided in a timely manner either at the start of the harvest or to finance contracts. This has helped them to buy good quality coffee during peak harvest seasons.”

Customer in our East Africa Producer Committee

“I am proud, it gives me hope because thanks to coffee I have been able to educate my children and provide for my family.”

COOPARM coffee farmer Wilmo Rodriguez



OUR FINANCE WAS USED TO SUPPORT
 412,628
 FARMERS AND ARTISANS INCLUDING
 131,415 WOMEN

As stated previously, this year has been a challenging year for our customers, our members and the wider global community.

The average exchange rate of the US Dollar to the Pound Sterling during the year was 1.23 (last year 1.27). Increased bank deposit interest rates have resulted in an increase in deposit income of £471k and combined with a small reduction in credit charges, led to an overall increase in income of £406k. After other items, our net income increased by £298k. The net amount lent to customers at the year-end was £31.8m.

We continued our main banking relationship with Santander UK plc, providing us with the ability to borrow foreign currency, notably US Dollars and Euros, which we need to support producers and buyers. During the year, we also successfully repeated the approach of converting a proportion of our pound sterling capital into these currencies for a fixed period of time and at an agreed exchange rate. This helped to manage volatility on the exchange rate for borrowing currency to carry out our lending and given the higher interest rates, significantly reduced borrowing costs during the year. The timing of the new deal in this regard for 2023/24, means that at the 30 September 2023 we held less cash than normal in our balance sheet but also zero loan and overdraft borrowing from the Bank. We also retained an active relationship with the Co-operative Bank, operating an account that is used by members to pay in their investments.

Operating costs for the Society have increased by £206k from the previous year. The main reasons behind this were inflation, increased professional fees on recovery of arrears' balances and a full year of travel post pandemic. The surplus, before provisions and interest, was up by £371k on the previous year.

The bad and doubtful debt charge for the year is again high at £1.45m, due to the ongoing challenging global trading conditions. This leaves an overall deficit of £86k once interest to members is factored in. Whilst this leaves the Society below the lower end of its targeted range of reserves (more details are available in the published annual statutory financial statements), a three-year business plan is in place to build reserves. The overall financial position of the Society nevertheless remains strong with member capital of £51.6m and reserves from previous years' surpluses totalling £1.1m. This is in addition to specific provisions against doubtful accounts, which are cumulatively £13.9m.

SOCIETY FINANCIAL REVIEW

	2019 £'000	2020 £'000	2021 £'000	2022 £'000	2023 £'000
STATEMENT OF COMPREHENSIVE INCOME					
Credit charges	3,513	3,362	3,153	3,334	3,242
Bank deposit interest	58	54	50	103	574
Other	63	115	112	129	156
Total	3,634	3,531	3,315	3,566	3,972
Finance Costs	(472)	(233)	(94)	(81)	(193)
Provision for doubtful debts	(857)	(1,166)	(1,012)	(1,729)	(1,446)
Operating costs	(2,193)	(2,131)	(2,055)	(2,173)	(2,379)
Corporation Tax	-	-	-	-	-
Profit before members' interest and donation	112	1	154	(417)	(46)
Members' interest	(73)	(83)	(93)	(40)	(40)
Donation	-	-	-	-	-
£/\$ Exchange rate at the year-end	1.23	1.29	1.35	1.115	1.22
BALANCE SHEET					
Tangible fixed assets	158	118	111	71	35
Investments	128	123	118	139	7
Lent to customers	36,037	29,660	31,776	36,085	31,793
Cash and deposits	44,301	46,960	52,051	53,414	21,112
Debtors	107	64	126	232	164
Loans owed to the bank/overdrafts	(35,155)	(28,485)	(31,313)	(35,955)	-
Other creditors < 1 year	(514)	(373)	(388)	(402)	(312)
Other creditors > 1 year	(238)	(238)	-	-	-
Total	44,824	47,829	52,481	53,584	52,799
Capital	43,071	46,148	50,730	52,341	51,643
Proposed share interest	72	82	91	40	39
Proposed donation to Shared Interest Foundation	-	-	-	-	-
Profit and Loss	1,681	1,599	1,660	1,203	1,117
Total	44,824	47,829	52,481	52,584	52,799

The summary of the financial statements above is an extract of the full audited financial statements for the Society, which are available on request from the Company Secretary or can be downloaded from our website.
 The majority of our lending and overseas payments are made in US Dollars, thus the exchange rate with sterling has a significant impact on the figures.

GLOBAL CITIZENS

We reach 45 countries with our finance. We couldn't do this without our members, donors and volunteers.



< Martin

"What does Shared Interest mean to me? Empowerment: as a long-term supporter of Fairtrade, I wanted to help plug the gap between hope and reality for producers."



< The Wyatt family

"Shared Interest has enabled us to make our money 'work hard' in the support of smallholder farmers in the global South."



^ Shelagh

"I invest in Shared Interest because it supports Fairtrade, impacts many poor people and my money is used multiple times."



< Savitrie

"I support Shared Interest for a fairer world; to give a helping hand to my world."



< Leonard

"Through my investment I am doing just a little to get rid of some of the injustices in the world and to promote a fairer society."



Leonidas del Aguila, a member of Cuencas del Huallaga, at his cocoa farm in San Martin, Peru.



SHAREDINTEREST FOUNDATION

Shared Interest Foundation supports people in cultivating resilient businesses that help strengthen communities.

Over the past year, we delivered a record number of 14 projects. One of these projects was completed during the year and the remainder are ongoing. This supported the development of new businesses, created opportunities for young people, increased producer environmental resilience and provided a vital income source to rural communities.

DEVELOPING SUSTAINABLE ENTERPRISES

In rural Uganda, passion fruit farming has played an important role in supporting 365 coffee farmers, of whom 40% are women, by offering them a means to diversify their income sources.

In partnership with Plateforme Nationale du Commerce Equitable Burkina Faso (PNCE-B) and COPRONOS, a local shea and nut co-operative, a value addition project was successfully implemented to enhance the resilience of 50 female shea nut collectors in southern Burkina Faso.

WOMEN AND YOUTH EMPOWERMENT

Focused on empowering young people to engage in agriculture, last year, our Growing Fairer Futures projects supported 243 young people (50 working with cocoa co-operative CAYAT in Ivory Coast, and 193 coffee producers from KOPAKAMA in Rwanda) to establish their own cocoa or coffee farm to provide them with a sustainable source of income.

In Burkina Faso, we have maintained our partnership with PNCE-B to continue supporting the Benkadi de Dakoro women's group, located in the rural community of Dakoro. As part of our ongoing support, we facilitated the installation of solar panels to enable the group to process honey after dark when the bees are less active. This not only marked the community's first access to electricity, but also empowered the group to significantly increase their honey processing capacity.

In Ghana and Burkina Faso, innovative soilless farming is providing an opportunity for women to increase their income through the production and sale of organic vegetables.

BUILDING CLIMATE RESILIENCE

In partnership with Peruvian social enterprise Inka Moss, this project aimed to support 225 harvesters from five communities in the Huánuco region of the Andean area, enabling them to increase their income through the sustainable harvesting of sphagnum moss. As the project progressed, the number of communities involved expanded from five to 28, benefitting over 1,000 harvesters.

Working with Tropic Coffee, a Rwandan coffee co-operative, we are also supporting 625 coffee farmers (18% women) to enhance their coffee production while placing a strong emphasis on building resilience to climate change.

In April 2023, we launched a project in western Uganda to increase the climate resilience of coffee farmers through agroforestry. Working with local coffee co-operative Banyankole Coffee Services (BCS), this project is supporting 300 of their members (26% women).

“The project has helped me obtain a second of income in addition to coffee. I am able to cater for my basic needs. For example, I am able to pay school fees for my children, take care of other needs at home such as buying salt, soap and drinking juice as I wait for coffee to mature for sale.”

Project participant

◀ Ami Sana, participant in our Seed to stall: Increasing self-sustainability through soilless vegetable farming in Burkina Faso project.

Salimata Karambiri is taking part in our ‘Seed to Stall’ project. She is standing in one of the new greenhouses where she is growing tomatoes.

FOUNDATION FINANCIAL REVIEW

Shared Interest Foundation receives grants from donor organisations, which enable us to deliver our projects. Over many years, these funds account for around 40% of all our income, with the balance coming from the generous donations of individuals, groups, trusts and legacies, for which we are deeply grateful.

These donations are vital as they allow us to develop and grow new projects based on robust needs analysis. Over the year, we have received new funding from the following trusts and organisations and we would like to thank them for their contribution to our achievements:

- Brian Taylor Fund
- Guernsey Overseas Aid & Development

INCOME AND EXPENDITURE

	Year ended 30 September 2022			Year ended 30 September 2023		
	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds £'000	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds £'000
Donations & grants	217	93	310	387	143	530
Interest income	1	-	1	6	-	6
Total income	218	93	311	393	143	536
Cost of fundraising	12	-	12	15	-	15
Charitable activities	255	64	319	213	119	332
Governance costs	4	-	4	4	-	4
Total expenditure	271	64	335	232	119	351
Transfers between funds	-	-	-	-	-	-
Net surplus/(deficit)	(54)	30	(24)	161	24	185
Funds brought forward	310	74	384	256	104	360
Funds carried forward*	256	104	360	417	128	545

*Of the unrestricted funds carried forward, £322k (2022: £122k) is committed to be spent on designated projects already underway or commencing in the new financial year.



With the support of
2,089 DONORS
& 7 GRANT MAKERS



We delivered
14 PROJECTS IN
6 COUNTRIES
across Africa and
Latin America



We worked with
11 LOCAL
PARTNERS
including nine
co-operatives



3,408 FARMERS
AND ARTISANS
(27% WOMEN)
accessed training



We supported
producers of
7 DIFFERENT
COMMODITIES



Wilmo Rodriguez collects coffee berries on a COOPARM farm in Rodriguez de Mendoza, Peru.

LOOKING FORWARD

As we reflect on the past year, we are inspired by the tremendous impact we have achieved together. Your unwavering support has allowed us to make a meaningful difference in the lives of those we serve. As we look forward to the year ahead, our commitment to our mission remains steadfast, and we are excited to share our vision for the future.

In the past year, thanks to your generosity, we have provided financial support which has impacted over 400,000 producers and our Foundation have delivered 14 projects, helping a further 3,400 farmers and artisans.

As we embark on the next year, our focus is clear to continue our commitment towards fair and just trade; keeping our focus on those smallholder farmers and handcraft co-operatives that other lenders are less keen to support. In line with our strategic growth plan, we will look to diversify our lending portfolio, reach more producers in more regions and find ways to support our customers to become more climate resilient. We will continue to build partnerships and share our knowledge. We will also continue to embrace new and innovative ways of working, collaborating where necessary, to improve our expertise. In addition, our Foundation will continue to support the development of new businesses, create opportunities for young people, increase producer environmental resilience and provide a vital income source to rural communities.

Together, we can create positive change and build a better world for all.

Please visit our website for further details of our plans for 2023/24:

www.shared-interest.com/annualreview