



**Social Accounts**  
**Year ended:**  
**September 2022**



# INVESTING IN A Fairer World.

# CONTENTS

	Page number
Welcome	4
Social Audit Statement	6
Introduction	7
Our Theory of Change	8
Our outcomes	9
The Sustainable Development Goals (SDGs)	10
About Shared Interest	11
Our mission	12
Part 1: Our activities and operations	13
Part 2: Our impact	40
Summary	62
Stakeholders and consultations	66
How we have progressed over the year	70
What we want to achieve next year	73
Glossary and abbreviations	74
List of appendices	76

## ACKNOWLEDGEMENTS

Drafting of this report was undertaken by the Social Reporting Team at Shared Interest: Kerrey Baker, Laura Gabriele, Kodzo Korkortsi, Stina Porter, Sally Seddon, Denise Sumner, Jo Tong, Shane Trudgill, Harriet Urwin, and France Villeneuve.

We are grateful to Tracy Mitchell (Chair), Bob Doherty, Joe Osman and Maveen Pereira for providing independent verification this year. We also appreciate the support of a number of volunteers whose data entry, research and translation activity has been included in this report. They are: Alan, Alejandra, Audrey, Elody, Frances, Godfrey, Gosia, Krishna, Madeline, Margaret, Martin, Peter, Russell and Vivienne.

*Front and back cover images: Inka Moss, sphagnum moss producers in Peru*

*Front: Inka Moss harvesters (front to back) Anaíz Baldéz Santiago, William Musquiano Baltazar, Jennifer Rodríguez Hurtado, Fiorella Anchiraico Montalvo, María Mendoza Ramos*

*Back: Inka Moss producer holding sphagnum moss during harvesting in Tambillio.*

# Welcome to our 2022 Social Accounts

As we prepare this set of Social Accounts, countries around the world are facing new and growing challenges. With many regions still grappling with the aftermath of the pandemic, and the ongoing and immediate threat of climate change, this year's increasing inflation levels are likely to hit vulnerable communities hardest. According to the United Nations, these combined crises have already reversed some of the headway made by their Sustainable Development Goals (SDGs) and could lead to an additional 75 million to 95 million people living in extreme poverty as we enter 2023.

Against this backdrop, Shared Interest Society and Shared Interest Foundation have worked hand in hand with farmers, artisans and communities to strengthen enterprises, increase employment opportunities and implement innovative methods of sustainable production. As Peruvian coffee farmer from CECAFE co-operative, Segundo Garcia, said: 'Feeling the trust that Shared Interest gives us is something that motivates us a lot.' It is this sense of global citizenship that has helped us make positive progress, despite the issues faced.

Society investment continued to increase this year, although at a slower rate than seen previously, which we believe is largely due to economic conditions in the UK. We ended the year with a Share Capital total of £52.3m, an increase of £1.6m. Our members have remained loyal and engaged, with over 130 participating in our Strategic Review process, which saw us carry out the largest consultation yet with our community of stakeholders. One outcome was very clear: that we should stay

true to our mission of supporting people living in remote and rural communities; working where other lenders are less keen to operate.

We have continued to do this, and within the last 12 months have made disbursements totalling £51.9m to 204 organisations, supporting the livelihoods of over 388,000 farmers and artisans in 45 countries. Our regional teams in Costa Rica, Ghana, Kenya, and Peru have once again been able to meet in person with producers, visiting farms and production facilities to understand fully the impact made by our finance.



*Father and son, Segundo and Belver Garcia, coffee producers from the CECAFE co-operative.*

This impact is not just on the businesses we support, but their community and wider environment. The case studies in this report show the inclusive and innovative ethos at the heart of these organisations, putting people and planet first. In the Peruvian Highlands, social enterprise Inka Moss is working closely with potato farmers, to

encourage the sustainable collection of sphagnum moss. This has made a huge difference to families living in isolated communities with limited income options. Men and women can now work together on the land, using natural resources, making sure that cultures and traditions are not lost. Meanwhile, KOAKAKA co-operative in Rwanda has established a thriving 'Women in Coffee' group, which began with male members giving their wives sections of land to farm. Following training from agronomists, they now hope to roast and sell their resulting organic coffee locally.

Although we aim to lend directly to producers wherever possible, our buyer lending enables us to support businesses in regions we could not otherwise reach. This year, a large proportion of this finance went to Asia, including India and Bangladesh. Due to political and economic constraints, our relationships with buyers are essential in indirectly supporting smallholder farmers and artisans who struggle to access finance elsewhere.

During the year, an internal Credit Committee was established, officially approved by the Board in July. This has been a landmark decision, passing lending approval for all applications, regardless of size, from the Board to our Senior Management Team after 32 years.

Despite all of the positive progress made, this year has seen us make a higher than usual provision for bad debts, partly due to businesses experiencing increasingly unpredictable global trading conditions. Unfortunately, the financial result for the Society is a



loss of £457k. As the world faces ongoing economic turmoil, the balance between our aim of reaching those who need it most and the need to avoid placing our members' capital at excessive risk remains paramount.

We continue to support a wide range of products, including fruit, seeds, sugar, honey, herbs and nuts. Handcrafts continue to have an important place in our lending as we maintain our focus on small and disadvantaged producer groups. Our support to cocoa producers has reduced slightly this year, to just over 20% of our overall lending. However, coffee continues to dominate the portfolio, representing just under half of all finance provision, reflective of how more than half of all Fairtrade certified producers grow this commodity. Global coffee prices have continued to rise and were impacted further by extreme weather conditions in Brazil – the world's largest exporter of coffee - where a drought and severe frost caused irreparable damage to crops. This has caused ongoing disruption to the global coffee supply chain.



*TradeAID producer Atule Azeyoke, weaving baskets in Ghana.*

Sadly, we continue to hear more about the immediate and destructive effects of climate change. In West Africa, producers noted erratic rainfall patterns and extreme temperatures, which affected cocoa flowering and harvest timings. In Burkina Faso, the production and export of hibiscus was delayed. In Central America, the honey harvest season has now shortened from six months to two, and in South America, producers have reported an increase of crop diseases, along with deterioration of roads from weather conditions, which have affected their operations.

Our charity, Shared Interest Foundation, has continued its vital work in supporting organisations in Africa and Latin America to become more climate resilient, along with projects aimed at increasing gender equality and the involvement of young people in agriculture and product diversification. Over the past year, we delivered 12 projects, which supported the development of pioneering initiatives to generate vital income for rural communities. This has involved training and mentoring for over 1,000 farmers in East Africa to produce their own organic compost and working with an established coffee co-operative in Uganda to produce passion fruit. We have also continued to support a community of beekeepers in Burkina Faso, and four years on from the start of this project, the group is going from strength to strength.

We are proud that the work of both Society and Foundation was recognised with prestigious awards. Shared Interest Foundation won the Charity of the Year: with an income of less than £1 million at the Charity Times Awards. Shared Interest Society was named as one of the Top 100 Social Enterprises in the UK, and our Managing Director Patricia Alexander was named as one of the leading Women in Social Enterprise in the WISE Awards - both awards run by NatWest. The Society went on

to be shortlisted for the Third Sector Excellence Awards and received a Special Recognition Award at the North East Charity Awards, for our significant and far-reaching global impact.

These awards are testament to the commitment and dedication of every single person involved in Shared Interest, including the inspirational entrepreneurs we support across the world. Thank you to everyone who has enabled the organisation to continue to make trade justice a reality in increasingly challenging times, especially our colleagues, volunteers, members and donors.

As I come to the end of my term as Chair of Shared Interest, I will never forget the resilience and fortitude embodied by the organisation, particularly over the past two years. Shared purpose has always been at our heart, and our sense of community has never felt stronger. I will continue to be involved in Shared Interest as a member and supporter and share in our common goal of investing in a fairer world.



**Mary Coyle MBE**  
**CHAIR OF SHARED INTEREST**



# Social Audit Statement

The Social Audit Panel has examined the draft Social Accounts submitted to us and discussed them in detail with Patricia Alexander, Kodzo Korkortsi, Tim Morgan, Stina Porter and other members of the Shared Interest Team at the Social Audit Panel meeting held on 24th November 2022. I have examined the revised Social Accounts which were prepared following the Social Audit Panel meeting and which have taken into account various points identified in the notes\* of the Social Audit Panel Meeting. We also examined a sample of the data and the sources of information on which the Social Accounts have been based.

We believe that the process outlined above has given us sufficient information on which to base our opinion. We are satisfied that, given the scope of the social accounting explained in the revised draft and given the limitations of time available to us, the Social Accounts are free from material mis-statement and present a fair and balanced view of the performance and impact of Shared Interest as measured against its stated values and aims and the views of the stakeholders who were consulted.

The Social Audit Panel was unanimous in affirming that the accounts were clear, comprehensive and thorough, and that much progress had been made in responding to the Panel's recommendations from the previous year. We identified three key points to be taken into consideration during the next social audit cycle:

- i) We would encourage Shared Interest to review their Theory of Change following the strategic review and in particular to consider reference to SDGs as part of this review
- ii) We would encourage Shared Interest to consider how to weave themes of justice and partnerships throughout the report
- iii) We would welcome the proposed increase reference to the organisation's website within the report

The members of the Social Audit Panel were:

**Tracy Mitchell (Chair), SAN Auditor**

**Dr Bob Doherty, University of York**

**Joe Osman, experienced fair trade practitioner**

**Maveen Pereira, IDH**

Signed:



Chair of the Social Audit Panel

Dated: 30th November 2022



\* the notes of the Social Audit Panel meeting form part of the social accounting and auditing process and may, by arrangement, be inspected along with the full social accounts at the offices of Shared Interest offices, Pearl Assurance House, 7 New Bridge Street West, Newcastle upon Tyne, NE1 8AQ. Members of the Social Audit Panel have acted in an individual capacity..



# Introduction

---

*THESE SOCIAL ACCOUNTS COVER SHARED INTEREST'S FINANCIAL YEAR FROM 1 OCTOBER 2021 TO 30 SEPTEMBER 2022. REFERENCES TO 'THIS YEAR' AND '2022' SHOULD THEREFORE BE READ AS THE ABOVE 12-MONTH PERIOD*

---

These Social Accounts cover Shared Interest's financial year from 1 October 2021 to 30 September 2022. References to 'this year' and '2022' should therefore be read as this specific 12-month period.

The present set of Social Accounts align with our Theory of Change (ToC) and the report is divided into two parts: Part I describes our activities and operations and Part II covers our impact.

A full picture of our work can be gained by reading these accounts in conjunction with our Director's Report and Financial Statements, which are available for both Shared Interest Society and Shared Interest Foundation (Appendix 1 and 2).



These Social Accounts were produced in accordance with the process recommended by the Social Audit Network UK (SAN). This includes an audit by an independent panel, chaired by a SAN qualified social auditor, members of which are listed on page 3. In accordance with this approach, we compile these accounts using a combination of internally generated data and consultations with key stakeholders. Full details of our stakeholders and our methods of consultation can be found on pages 65-69.

Where we have quoted comments in the Social Accounts, we have selected these to be an illustrative sample of the balance of opinions from the consultations conducted.

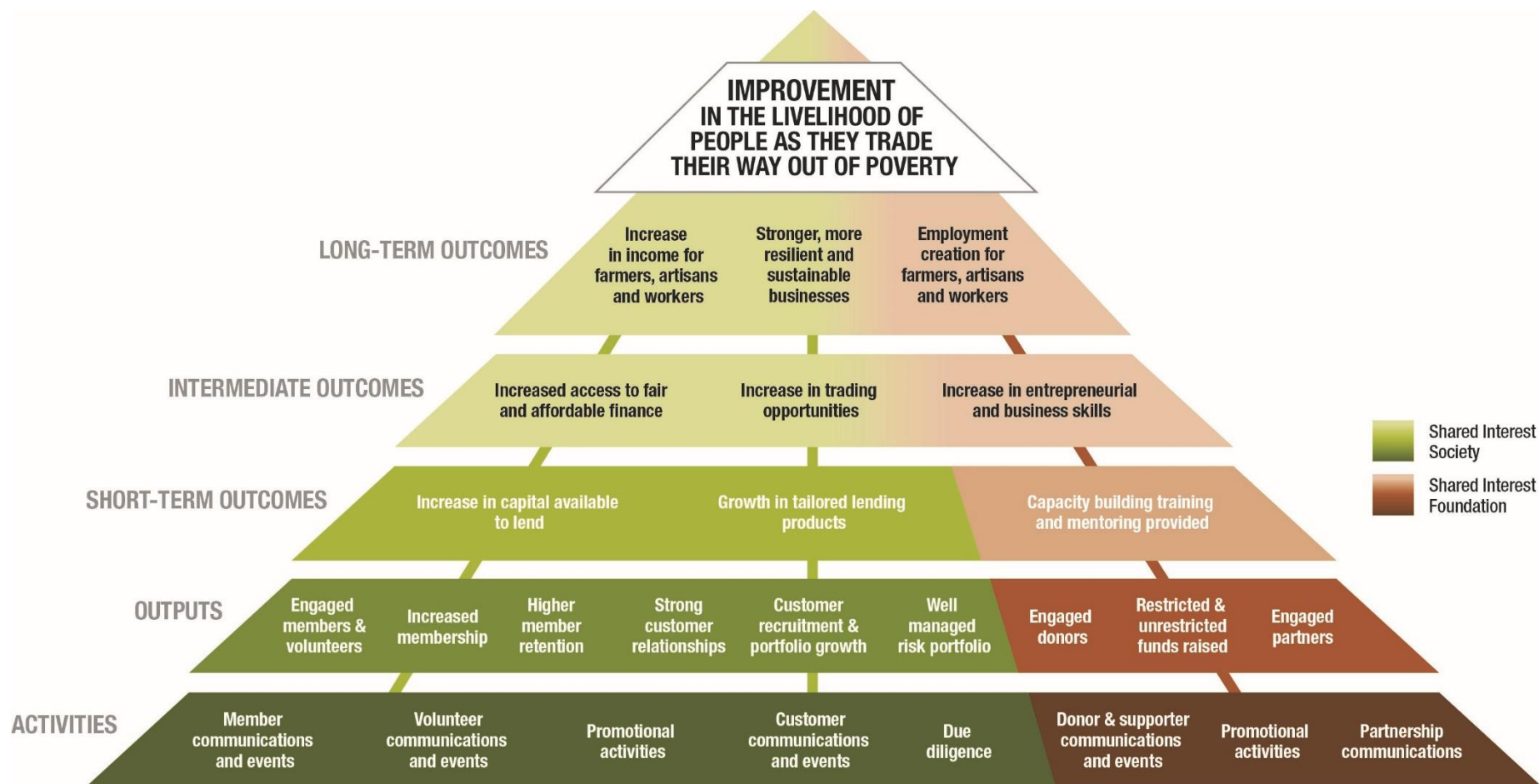


*KOAKAKA coffee producer Anatholie Tuyisenge collecting fresh coffee cherries on a farm in Rwanda.*

## Infographic key

-  Relates to Shared Interest Society
-  Relates to Shared Interest Foundation





**GLOSSARY** Member: Shared Interest Society investors Customer: Borrower organisations which enter into a business contract with Shared Interest Society  
Other organisations that receive or make payments via Shared Interest Society Donor: Shared Interest Foundation donors Partner: An organisation we work in partnership with to achieve a specific goal, event or activity



# Our outcomes

- Increase in income for farmers, artisans and workers
- Stronger, more resilient and sustainable businesses
- Employment creation for farmers, artisans and workers

- Increased access to fair and affordable finance
- Increase in trading opportunities
- Increase in entrepreneurial and business skills

- Increase in capital available to lend
- Growth in tailored lending products
- Capacity building training and mentoring provided



*TradeAID basket weaver Akolpogbila Apalawanya holding a hand woven basket in Bolgatanga, Ghana.*



*Inka Moss, sphagnum moss gatherer María Mendoza Ramos at her home in Tambillio, Peru.*



*BOCU coffee and passionfruit farmer Baluku Aminadu at his plantation, on top of the Rwenzori Mountains foothills in Uganda.*

# The Sustainable Development Goals

In 2015, the United Nations released its blueprint to achieve a more sustainable future for all. The subsequent Sustainable Development Goals (SDGs) are a framework for peace and prosperity for people and the planet. We believe our work contributes to the attainment of specific SDGs from the 17 agreed goals for building a better world by 2030.

Overall, we believe that seven of the SDGs are embedded in Shared Interest's mission and values:

- 1. No Poverty,
- 5. Gender Equality
- 8. Decent work and Economic Growth
- 9. Industry, Innovation and Infrastructure
- 12. Responsible Consumption and Production
- 13. Climate Action
- 17. Partnership for the Goals.





# About Shared Interest

## HISTORY

Our journey started in 1986 when registered charity Traidcraft Exchange (now Transform Trade) sponsored research into the role of banking and investment within the fair trade movement. It was discovered that the main challenges faced by fair trade producers were access to working capital and buyers struggling to make pre-payments for goods. It was out of this that Shared Interest was created; a unique financial organisation aiming to do business for mutual service rather than for investor profit. The Society was publicly launched in October 1990 with the financial backing of the Joseph Rowntree Charitable Trust and Oikocredit, formerly, the Ecumenical Development Co-operative Society (EDCS). Within a year, we had attracted £750,000 of Share Capital and 600 members.

Today, we have just over 10,400 members in the UK, each investing between £100 and £100,000. This provides Share Capital of £52.3m. In 2004, Shared Interest established a subsidiary, Shared Interest Foundation. The charity delivers practical business support in Africa and Latin America, helping fair trade businesses to improve their governance systems and financial management as well as other business skills. Shared Interest Foundation is a member of the Fairtrade Foundation and Shared Interest Society is a member of the World Fair Trade Organization (WFTO). The story of our past 32 years is detailed at [shared-interest.com](https://shared-interest.com).

## OWNERSHIP AND GOVERNANCE

Shared Interest is an independent organisation with its headquarters in the UK and further team members based in Costa Rica, Ghana, Kenya and Peru. Shared Interest consists of Shared Interest Society and a charitable subsidiary, Shared Interest Foundation. Shared Interest Society is owned and controlled by its membership. It is the sole member of Shared Interest Foundation. Shared Interest Society is governed by a Board of Directors, which is currently made up of eight members; two executives and six non-executives.

Seven of these eight Directors also form the Trustee Board, which governs Shared Interest Foundation. A Council of eight Society members monitors the work of the Society's Board of Directors. The Council has the power to question the Directors and Management Team and, if it sees fit, to address the membership independently.

To ensure the Council is a representative body, four members have been randomly selected for nomination, while the other four members applied for their roles; all were subject to a ballot of members.

We hold annual producer committee meetings to ensure the producer voice remains within our governance and decision-making. The meetings are held physically or virtually and are representative of the regions in which we work.

## LEGAL STRUCTURE AND REPORTING

Shared Interest Society is incorporated with limited liability under the Co-operative and Community Benefit Societies Act 2014, Number 27093R. The Society has submitted timely annual returns to the Financial Conduct Authority as its registrar.

Shared Interest Foundation is registered as a company limited by guarantee in England, Number 4833073, and is a registered charity, Number 1102375. It has submitted timely annual returns to the Charity Commission and to the Registrar of Companies.

Shared Interest has an annual compliance action plan, ensuring a regular routine of internal reviews and external audits against the relevant statutory and voluntary codes. This covers areas such as money laundering and bribery checks; health and safety compliance; risk reviews and data protection.

These topics are also included in induction schedules for all new members of the Shared Interest team. In addition, a key aspects checklist (Appendix 14) is produced by the Social Audit Network to enable standardised reporting on areas such as human resources (HR), governance, finance, and environmental / economic aspects.

# 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 INVESTORS AND THE SUPPORT OF DONORS AND VOLUNTEERS, WE SEEK TO CONTRIBUTE TO A WORLD WHERE JUSTICE IS AT THE HEART OF TRADE FINANCE.*

The investment of our members enables us to lend money to businesses across the world that follow Fair Trade Principles. With the support of our stakeholders, we are able to contribute towards building stronger, more sustainable businesses and improving the livelihoods of people in some of the world's most disadvantaged communities.

The businesses we support range from small producer organisations to large scale coffee and cocoa co-operatives and buyers. We offer a variety of lending options that enable our customers to finance orders,

access working capital, purchase essential machinery and infrastructure, and make advance payments to farmers and artisans.

In addition to finance provided by Shared Interest Society, Shared Interest Foundation provides technical assistance and business support to fair trade producers. They work with community-based groups to develop income-generating activities to support their livelihoods.

We report on our performance during the year under the main activity areas and outcomes detailed on pages 8 and 9. These activities and outcomes contribute to the achievement of our mission.

The Society and Foundation have a shared mission and set of values, which is to conduct our business in a manner, which reflects the principles of love, justice and stewardship. We will:

***Work co-operatively with our members as we take and share risk***

***Value and engage our donors and supporters***

***Encourage the commitment, talents and energy of our staff in an environment of mutual respect***

***Work to recognised fair trade standards***

***Respect the diversity of different cultures***

***Place partnership at the heart of what we do***

All activities and outcomes are reviewed annually by the Social Reporting Team and approved by the Board of Directors.

The key stakeholder groups within each activity area are listed but a full stakeholder list is available on page 65.

Read in conjunction with our Directors' Report and Accounts (Appendix 1) and Foundation Accounts (Appendix 2), these activities and operations, as well as our impact, cover all areas of our organisation.



*KOAKAKA agronomist Jeanne d'Arc Manishimwe holding dried coffee beans at a coffee washing station in Rwanda.*



# Part 1: Our activities and operations

We engage in various activities to fulfil the mission of Shared Interest. This section describes how our members, volunteers, donors, customers and colleagues contribute towards reaching our operational goals, and highlights key results achieved during the year.

## Our members, donors and supporters

In order to fulfil our mission, Shared Interest depends on the support of members, donors, volunteers and partners. Their contribution, alongside our international team of colleagues and the producers and buyers we support, enables us to carry out award-winning work in 45 countries.

This year brought recognition from prestigious awards, including Shared Interest Foundation winning the Charity of the Year: with an income of less than £1 million Award at the Charity Times Awards.

Shared Interest Managing Director, Patricia Alexander was also named as one of the top 100 women leading social enterprise and impact investing across the UK in the NatWest WISE (Women in Social Enterprise) Awards in November 2021.

In addition, Shared Interest Society was awarded a special recognition award at the North East Charity Awards; we were also included in the NatWest SE100

Top 100 Social Enterprise list and shortlisted within the Enterprise Category of the Third Sector Excellence Awards.

These awards provide us with opportunities to raise the profile of our work, show our impact, and enhance our credibility to existing and potential supporters.



### Society Membership

Society membership includes faith groups, fair trade partnerships, small businesses, schools and community organisations. However, 78% of Share Accounts are held by individuals. We closed the year with 10,416 members and investment increased by £1.6m. A total of £836k was invested online, 52% of overall investments made (2021: £1.4m) and Share Capital totalled £52.3m at the end of the year.

The average age of a member is 66. The average age of a new member as they open a Share Account is 59. Last year, we reported on the average age of a member when they close their Share Account (66) but believe the median is more representative, and this year the median age is 69. We have a very loyal and supportive membership and the average length of time a member holds a Share Account is 15 years.



*Shared Interest member and volunteer Trevor Dickey*

Communicating with Members

At the core of Shared Interest is a community of members coming together to achieve a shared goal. Although our communications activity is divided into two strands: recruitment and retention, the messaging remains consistent across both: how we can stand together to make positive change.

We communicate with our members in a number of different ways to help them understand the impact of our work. This impact does not just focus on the outcomes of the businesses we support, but also the people involved, and their wider community, as well as broader global issues in line with the Sustainable Development Goals (SDGs).

Member Recruitment

Our analysis shows that new members require a multi-channel approach to communication before opening a Share Account e.g. see an insert, attend an online event and hear about us through word of mouth. In summary, they require at least three forms of communication before taking action to invest. Enquiries tend to be converted in the first seven months after the initial contact, and conversion rates have remained steady over the past four years but this year, we have seen the number of new enquiries slow significantly. We believe that this is directly related to UK economic conditions, causing increased household expenditure.

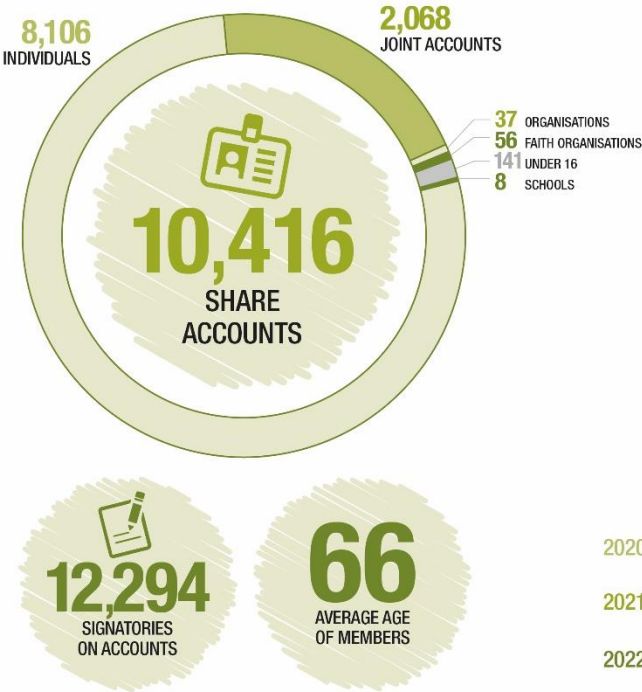
According to PwC, the UK household savings rate is set to fall by 70% (or £4,000 less) on average compared to the highest levels during the pandemic, and will fall to an average rate of around 6% of household income:

*‘A combination of post-lockdown spending and the rising cost of living will eat into household savings rate, which will decline back to pre-pandemic levels. While this stabilisation is to be expected, there could be a risk the*

*rate will decline further in 2023 if inflation continues, and real wage growth tails off.’*

This echoes our results and over the year we attracted 200 new members to the Society with an average opening balance of £2,008 (2021: £1,494). This increased average is due to a small number of Share Accounts being opened with large sums. Due to Share Account closures we actually saw a net reduction of 31 Share Accounts compared to a net increase of 221 last year.

MEMBERSHIP



SHARE CAPITAL  
NET INCREASE IN SHARE CAPITAL: £1.6m





## Promotional Activity

National newspapers and magazines have continued to increase their focus on online subscription, registration, and membership and we have seen a decline in readership across a number of the magazine titles in which we have historically placed sustained advertising campaigns.

In line with these evolving changes in news consumption, we have increased our advertising presence online, and have arranged packages that include online exposure via magazine-associated websites and social media channels. We have continued with our insert campaigns in subscription-based magazines such as Amnesty and The Big Issue, and maintained our relationship with Guardian Weekend magazine. Our data suggests that we recoup the expenditure on such promotional activity within two years. Alongside this, we have also continued to research new titles, using information garnered from our Member Survey, which took place in 2021. We have plans to place advertising with a selection of them next financial year.

This year, we commissioned a cover wrap and online takeover with The Big Issue magazine during both Fairtrade Fortnight and World Fair Trade Day. These events provided an opportunity to shine a light on the message of climate justice, whilst also reinforcing our support of fair trade. The theme of climate resilience was echoed across our insert campaigns, which focused on CECAFE coffee co-operative in Peru, and how Shared Interest finance enables farmers to plan and manage their land in response to fluctuating weather conditions and increased crop disease.

Overall, we continue to encourage potential members to be part of our global community, encapsulating our customers and international team. In other words, we evoke the concept of global citizenship through the messaging we use.

*'Promoting global citizenship in sustainable development will allow individuals to embrace their social responsibility to act for the benefit of all societies, not just their own.'*

(Source: United Nations Academic Impact Report 2022)



*Big Issue cover wraps during Fairtrade Fortnight and World Fair Trade Day*

## Online Promotion

The opportunity to apply for a Share Account online is an important tool in encouraging new members. We have found that Share Accounts are opened with a smaller investment; usually no more than the minimum amount of £100 and the member then builds on this initial investment over the following months. We are streamlining our online application process further next financial year to improve conversion rates. In addition to this, we have built in additional functionality, allowing us to accept requests for under 16 year-olds as main Share Account holders and investment in EUR/USD.

Our website had 26,111 individual visitors this year, a 6.4% reduction on the previous year, which we believe

may be due to lifestyle changes following the pandemic restrictions. Over 70% of visitors used a desktop device and the use of tablets decreased by 49% and mobile phones decreased by 13.5% (2021: 34%); this may be due to more people continuing to work remotely or with access to a laptop or desktop device. The analytics built into the website allow us to evaluate how people use it, and we continue to investigate how users arrive at the site, and which pages they visit when there. We also have the ability to target our online advertising to particular audience segments, in line with their search activity for instance. We continue to increase the percentage of our marketing budget used for online activity, while also remaining conscious of brand security and avoiding alignment with unsuitable sites.

We use a scheduling platform for our social media activity, which allows us to take a strategic, campaign-led approach, also allowing more time for research, and engagement. Twitter, Facebook, and Instagram engagement have increased. During the year, our Twitter activity gained a total of 518,102 impressions (2021: 383,308), and during Fairtrade Fortnight, we gained 156 new followers (2021: 12). We have also maintained regular contact with the supporters of Shared Interest Foundation using our e-newsletter.

We have a social media presence over five key channels: Facebook, Twitter, LinkedIn, YouTube and Instagram. Each channel requires different types of content and we are working to develop our Instagram profile in particular. Media monitoring platforms help us evaluate activity, with the aim of improving interaction with our followers.

## Member Retention

As mentioned above, our members are extremely loyal and we pride ourselves in providing exceptional customer service. Over the past year, we have been focusing on improving our levels of engagement, building up members' understanding and knowledge of their investment and impact through our quarterly magazine, e-newsletters, phone calls and improving our internal processes.

Research shows that, as consumers continue to face a period of uncertainty due to the cost of living crisis, global conflict, and the aftermath of the pandemic, they are seeking clarity and transparency. Subsequently, there is a need for brands to help consumers navigate and mitigate world challenges such as climate change.

*'Brands should highlight positivity in their messaging following this period of uncertainty and disruption.'*  
(Source: Mintel Global Consumer Trends Report 2022)

We know that climate change is a subject that interests many of our members. Our biannual Member Survey reports an increasing interest in environmental issues year on year, with 98% of respondents stating that this is an area of importance to them. With a 23% response rate in 2021, we can assume this is representative of our membership.

Quarterly Return (QR) magazine remains our predominant tool to engage with members and has developed in line with our brand over the past 32 years. However, its main objective has remained the same: to inform and engage individuals on the impact of their investment. In our 2021 Member Survey, 91% of respondents said QR provides them with 'the best sense of our social impact', and 87% of members said they read every, or most, issues. This year, we developed the look and feel of QR to reflect its position as a feature-led publication, maintaining its sustainability credentials,

including its production with vegetable-based inks and on chemical-free printing presses.



The four issues of QR published during the year.

A third of our membership now reads QR online, via a quarterly email, which achieves an average open rate of 62%, compared to the industry standard of just under 20%. We continued to enhance readers' online experience with the use of new page-turning software and

an ability to embed films as well as links to related content on our website. This will also continue to improve the Search Engine Optimisation (SEO) of our website, an ongoing activity, which involves several elements, including making our content richer through features such as a blog and information on more general topics related to our work.

We continue to encourage more members to manage their Share Accounts online to reduce the need for print and postage. We now have 48% of our members using the Member Portal (2021: 44%), which we have further developed this year. This has involved streamlining the statement view facility, improving the live chat functionality, and providing evolving content via a changing carousel of images and refreshed news feed via Twitter.

## Events

In 2021, we held our Annual General Meeting (AGM) online for the first time and achieved the highest attendance in our history. This year's event also took place online on Friday 11 March 2022, with a smaller audience of 249 but still a higher attendance than we have previously seen in physical face-to-face AGMs. Fewer members also took part in our AGM voting process (1,119 compared to 1,311). Last year, 553 members voted online, and this number reduced to 338 in 2022, and as an overall percentage of votes taken, 30% of votes were placed using the online system compared to 42% last year. The following comments are a selection taken from online feedback forms provided to members:

---

*"Very good to be brought up to date and the finances explained so clearly and the questions and answer session gave some good development of various issues."*

---



---

*“Congratulations for all the good work and best wishes for the next year.”*

*“I appreciate being able to join your events and the AGM virtually. It is good to learn about your work and to support you in this way. Thank you.”*

*“Congratulations on the professionalism of Shared Interest and their varied inputs to the Fairtrade Foundation Festival 2022. I'm thrilled by the way you use and take care of my money.”*

*“Congratulations on a very successful society that delivers so much hope to those working hard to better their lives and their society. I find it all inspirational. Thank you for putting my money to such good use.”*

---

We held a series of online events before and during Fairtrade Fortnight, bringing supporters and farmers together with the Shared Interest team, to discuss the climate issues faced in different regions including Central America, South America, East Africa and West Africa. A total of 474 people attended the events, which provided an opportunity for people to have a conversation directly with producers and buyers in the Q&A session, with the support of an interpreter where necessary. Shared Interest Foundation Manager Kodzo Korkortsi also hosted an online event, focusing on the charity's climate-smart agricultural projects. A further session on climate change impact was held in partnership with the Fairtrade Foundation National Campaigner Committee.

## **Ethical Content Gathering**

The support of interpreters and translators (as described within Our Team) has become more prevalent this year as we continue with our aim to bring the voice of producers to the centre of our storytelling. By sharing their experiences and perspectives with us, producers help make our communications more powerful and effective by showing the impact and importance of our work. In return, we have a responsibility to tell their stories authentically and manage their contributions ethically across all types of content – words, photography and film.

At the core of this process is our ongoing contact with producers to explain the purpose and outcomes of our storytelling, which is an important part of achieving their informed consent. Through our participation in the People in the Pictures group and Communications Working Group (run by Bond, a UK network for organisations working in international development), we have been able to share and discuss good practice guidelines. This means that we can continue to develop our content gathering process to ensure that it supports contributors' rights to participation and protection. With a wide range of different languages involved and varying levels of accessibility, we work with organisations to understand how best to achieve this and adapt our approach accordingly.

Our longitudinal case studies, featured in this report, form a large part of our content gathering activity. This involves interviewing, photographing and filming people at all levels of the supply chain. The interviews are carried out by the Shared Interest team (with the aforementioned translation and interpretation support where necessary) and we continue to commission in-country content gatherers to capture images and footage. This year, film and photography took place with the support of TradeAID basket weavers' co-operative in Ghana, Inka Moss sphagnum moss collectors in Peru, KOAKAKA (Koperative y'abahinzi ba Kawa Karaba) coffee farmers in

Rwanda and BOCU (Bukonzo Organic Farmers Co-operative Union) coffee farmers in Uganda. This content will be featured across our online channels and print publications such as QR.

## **Strategic Review**

This year saw us complete our Strategic Review process, which included our largest ever stakeholder consultation process with interviews, research projects and 130 members participating in online discussion workshops. Throughout our stakeholder consultations, members told us they do not want us to lose sight of the small and disadvantaged organisations we support and that we must maintain the purpose Shared Interest was set up to achieve 32 years ago. Our new strategy sets out how we will continue to widen our support for fair trade, extending our lending to organisations who are working towards Fairtrade certification, as well as those who meet the 10 Principles of Fair Trade. We will also continue to assist businesses in adapting to the challenge of climate change by building partnerships, encouraging our customers to become more climate resilient, and by developing information resources for our members. Gender equality has an extremely significant part to play in strengthening communities. By supporting women who live in remote and rural regions, we can increase productivity and promote economic growth. Narrowing the gender gap not only helps women prosper, it helps their families and communities thrive. We will therefore continue to support producer organisations that meet our lending criteria and create opportunities for women's empowerment.

So that members can further understand what this means in terms of our work, we have begun including these themes in QR, with our summer 2022 edition featuring stories of climate resilience and our autumn 2022 issue focusing on the theme of gender equality. By listening to and telling the stories of climate-based challenges and female empowerment from the people and businesses we support, we have aimed to show how Shared Interest can

have a significant part to play in strengthening communities by supporting businesses that encourage sustainable agriculture and female inclusion.

**As we state in our Strategic Review booklet: 'Our mission may not be directly connected to the issue of climate change; however, the products, people and communities we support are significantly affected by its impact. In order to take our climate focus forward, we will build partnerships, help encourage our customers to become more climate resilient, and develop information resources for our members.'**

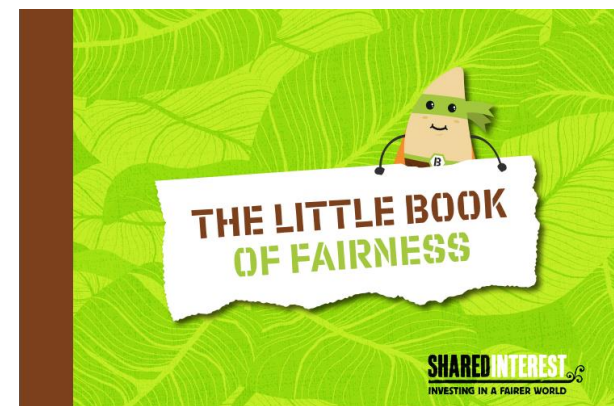


Each year, we produce an Annual Review for both the Society and our charity, Shared Interest Foundation, and include a summary booklet within the winter issue of QR. Our younger investors receive a 'Little Book of Fairness' as part of our work to engage members under the age of 16. Aimed at children of primary school age, this publication continues to evolve and is now part of a whole package of resources including how to grow an avocado plant from seed, and an animation about climate change. We have also developed this audience beyond Shared Interest members, to include schools, churches and community groups, as well as parents interested in fair trade. This year, we included a YouTube cookery demonstration for families and teachers. We do not expect to see a huge uplift in investment from this activity but a longer-term outcome that young people may continue to invest as an adult if kept engaged throughout these years.

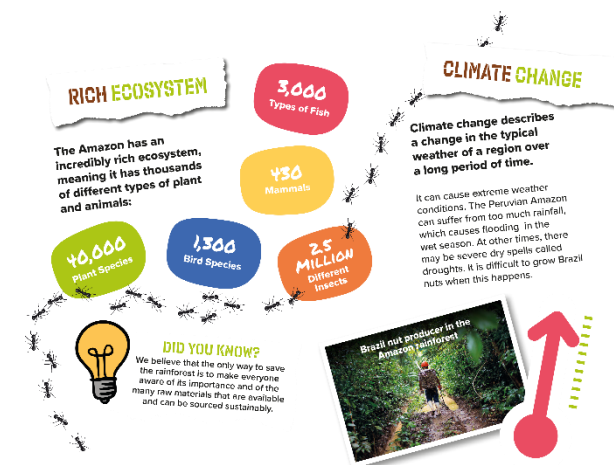
At the centre of the resources is a growing group of superheroes from different parts of the world. We ask our international team to encourage their families to help with the creative process, including names and design ideas. This year, we introduced Bravo Brazil to join Super Avo and Captain Cocoa. Bravo takes the reader on a journey to the Peruvian Amazon, where he meets Eskimer the Brazil nut farmer and learns more about his work. The booklet includes words in different languages such as 'castañero', which is Spanish for nut gatherer. A popular activity this year was the puzzle called 'Nut or Not', which entertained children and adults alike with its challenge to identify seeds and nuts. There was also a scientific experiment, a map to populate with stickers included, an interactive board game and an explanation of climate change and what it means for the Amazon.

We hope to develop our school resources further next year, to bring our stories to the classroom and groups for young people. So that teachers can work autonomously, we recorded an online presentation to be downloaded and played to the class, including prompts on when to pause

and begin activities. We have also continued to develop our relationship with the Green Parent magazine to raise awareness of the Little Book of Fairness and its accompanying resources to families.



*The Little Book of Fairness 2021.*



*One of the inner pages of The Little Book of Fairness.*



## Supporting our Charity

Our charity, Shared Interest Foundation, is supported by donations from 1,548 donors, and grants from Trusts and Foundations. The majority of these donors (1,383) are members of the Society. This money is used to implement projects aimed at building climate resilience through product diversification and Good Agricultural Practices (GAP) in remote communities within Africa and Latin America.

Last year, we reported that our Member Survey showed that 57% of respondents said they were aware of the Foundation and 68% said they would consider donating in the future. Members were also asked if they had signed a Legacy form in favour of Shared Interest Foundation; 92% said they had not. We ran our previous Legacy campaign in October 2020. This involved including information in our QR newsletter and from this, we had a very good response from members, many of whom went on to sign a Legacy form. This exercise is to be repeated in October 2022.

Last November, Shared Interest Foundation held an online event to share how producers are working to combat climate change. Held just after the 26th United Nations (UN) Climate Change Conference (COP26), the event involved Foundation Manager Kodzo Korkortsi giving an account of Foundation projects in Ghana, Uganda, Ivory Coast, Rwanda, Burkina Faso, Peru and Nicaragua. This included stories from coffee growers, sesame farmers, beekeepers and basket weavers, and how we support them in building resilience and mitigation against climate change through smart agriculture, conservation, tree planting and organic farming.

During Fairtrade Fortnight, Shared Interest Foundation took part in two further climate-focused online events on consecutive days. The first event was in partnership with the Fairtrade Foundation National Campaigner Committee and, Kodzo spoke live from Ghana, to provide an insight

into challenges faced by cocoa farmers in the region. The second event focused on Shared Interest Foundation's climate-smart agricultural programmes in Africa and Latin America, and Josinta Kubugho, BOCU (Bukonzo Organic Farmers Co-operative Union) General Manager, joined Kodzo from Uganda to explore the co-operative's diversification from coffee into passion fruit.



*Josinta Kubugho, BOCU (Bukonzo Organic Farmers Co-operative Union) General Manager.*



*Heriber Sifuentes, Assistant of the CECAFE co-operative laboratory centre, works in the production of beaveria fungus in Lonya Grande, Peru.*

We will continue to inform members of the options available in addition to holding a Share Account. This year, we integrated the donor database with our investor database, which will help streamline communications. Using clear messaging at member events, in newsletters, via the online member portal, and through additional information about their interest donation, we hope to upscale those who already donate, encourage members to donate on closure, and attract legacy income.

## Our Partnerships

We cannot achieve our mission in isolation, and we place partnership at the heart of what we do. We have a peer network of like-minded organisations with whom we have shared goals and objectives. Working in collaboration with this community, we are able to increase, develop and broaden our impact and progress towards our mission. During our strategic review process, we identified the need to develop partnerships across the organisation to help us deliver our ambitions of improving our knowledge in areas such as climate and gender equality. In order to meet this objective, we appointed a Partnership Manager in September who is dedicated to identifying and developing the relevant relationships. Some of those we partner with are listed below and more detail can be found in Appendix 3.

- Aceli Africa
- Bond
- CLAC
- Co-operatives UK
- CSAF
- Fairtrade Foundation
- Fairtrade International
- PNCE-BF
- University of Ghana
- WFTO
- UKSIF

# Our lending

In a recent brief published by the Smallholder and Agri-SME Finance and Investment Network (SAFIN), it was mentioned, *'the world is experiencing the worst food crisis in generations. The war in Ukraine is super charging the longer-term trends driving up poverty and hunger. Climate change is compromising agricultural productivity growth, and the conflict and Covid-19 pandemic have significantly deteriorated food insecurity conditions around the world. Rising government debt and energy costs are also further compromising the ability of developing countries to keep up with these challenges and the added rise in food prices.'*(Appendix 4).

This emphasises how the need for finance is increasingly important, to enable smallholder farmers to adapt to changing and volatile conditions. Their current, often limited, access to finance is caused by a number of factors: Firstly, farmers expect payment at harvest time but there can be several months between planting and harvesting, during which time, prices can decrease due to supply and demand. Additionally, a readily available market offering rewarding prices for their crops is not always guaranteed, as local buyers or middlemen distort the market by paying farmers lower prices. Secondly, agriculture commodity buyers (traders, agro-processors, etc.) often do not have all the required financial resources to purchase the raw materials needed to cover the whole season and as a result, they tend to lower prices to maximize their profits, at the expense of farmers. Lastly, commercial banks perceive the agriculture sector as particularly risky, and smallholder farmers even more so. Compounding this are the lending requirements expected by many financial institutions such as audited financial statements, proven governance structures, and the provision of collateral, securities and guarantees, which can be difficult for farmers to fulfill. Finally, the importation of products such as fertilisers and improved seeds can be

costly due to high taxes and high transportation fees, making them inaccessible to the producers.

Our aim is to be a trusted and respected provider of social finance, with a particular emphasis on working with smaller, more vulnerable groups that other lenders are less keen to support. As their businesses grow, these groups are able to improve their income and to contribute to the alleviation of poverty in their respective communities.

Nevertheless, this does not come without challenges, made present by the uncertainties brought about after the pandemic and the global economic crisis. Whilst we have had some notable success in terms of recovering long-standing doubtful debts, ongoing disruption to trading conditions has led to the judgement that we should provide, at least partially, against a higher number and value of customer accounts than normal this year.

This includes making a full provision against a South American customer balance, with a cost of about £510k. The business, which had been trading since 2007 and a Shared Interest customer since 2017, was large and worked with a number of funders. It also represented a portfolio diversification opportunity in that two thirds of its trade was in quinoa, dried fruits and vegetables. Severely impacted by the pandemic and ensuing shipping and inflationary challenges, the business was forced to close at the end of May 2022.

The charge for the year is therefore unusually high at £1,729k (2021: £1,012k), and almost twice the budgeted level. Many of the closing provisions are partial and against balances from businesses that are still trading and – often – working with us to find a solution and repay their facility. As noted, the charge reflects difficult trading circumstances and the fact that lending to fair trade businesses – especially those based in remote and rural communities – has its risks.

To mitigate the risk to our members' investment and provide effective finance, we are committed to learning and understanding the circumstances of the people and products we support and believe that communication with actors throughout the supply chain is vital. Our monitoring and evaluation process involves portfolio-wide social and financial due diligence on new and renewing customers as well as careful consideration of all disbursement requests.

Historically, Shared Interest Society has used a process where lending to a certain value could be approved internally by the Managing Director, with larger limits requiring approval by the Board. In July 2022, our Board made the landmark decision to pass lending approval for all applications, regardless of size, from the Board to members of our Senior Management Team within a Credit Committee. Their remit is to approve large pieces of new lending and changes to higher value facilities of existing customers. The committee consists of the Managing Director, Finance Director, Head of Risk & Compliance and Head of Member Engagement, with the Head of Lending in attendance to put forward proposals. We believe that this combination of roles provides a balance of appropriate expertise, knowledge of the proposed lending, consideration of risk and also considers our members' perspective.

## Providing a reliable source of finance

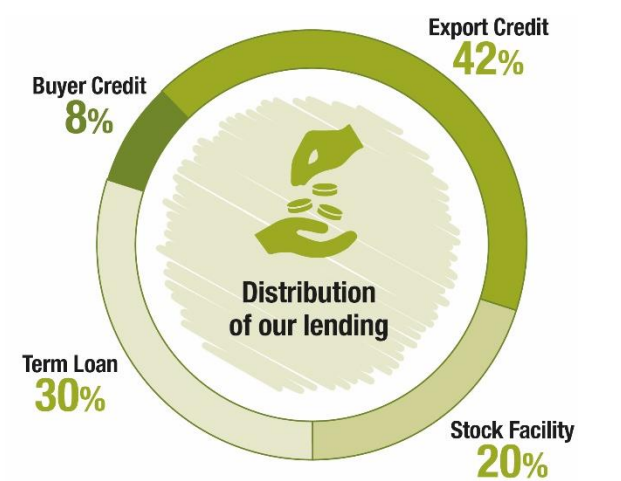
We lend in two ways: directly to fair trade producer groups (producer lending) mainly across Africa and Latin America, and to fair trade wholesalers, FLO (Fairtrade Labelling Organizations) Traders or retail businesses (buyer lending) in the Northern Hemisphere, extending our support indirectly to producers in Asia.

We offer both short-term and long-term financing. Our short-term lending consists of three main products: Export Credit, Buyer Credit (both referred to as Trade Finance by other lenders) and a Stock Facility (referred to as Working

Capital by other lenders). This short-term lending provides the required funds in advance to help producer groups fulfil their orders or to help purchase stock. Our long-term lending is referred to as a Term Loan. This type of finance is often used to develop infrastructure or purchase equipment. A more detailed explanation of our lending products can be found in Appendix 5.

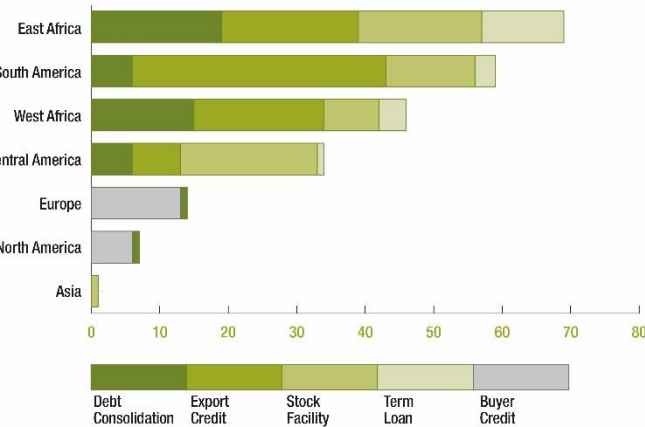
Both Export Credit and Buyer Credit are classed as revolving lines of credit, and finance is provided against contracts, whereby the lending is designed to be repaid as contracts are fulfilled. Upon repayment, the funds are then available to lend again. As a result, the total value of funds sent to organisations is greater than the value of their approved limit.

A proportion of our customers have multiple facilities with us, so we currently have 230 lending facilities across our portfolio and these support 185 organisations. From that total, 70% are classed as short-term facilities and 30% attributed as longer-term lending as per the graph below.



When Term Loans or Stock Facilities are provided, the finance is used to enable customers to undertake infrastructure improvement projects, purchase raw materials and machinery to increase their production capacity.

Type of facilities per region



The graph above shows the split of lending type per region, including the number of Debt Consolidation Loans, which are provided when customers enter arrears and require longer repayment terms. As you can see, this type of lending has been more predominant in Africa compared to Latin America where customers are mainly larger coffee co-operatives. In Africa, it is often the smaller organisations with limited credit monitoring and ineffective governance systems that require this additional support. In addition to this, we increased local financing contracts in West Africa, instead of export contracts, as some of the smallholder groups in this area did not have a license to sell their products internationally. This situation has resulted in a high exchange rate loss and many of the organisations have extended their repayment plans.

The majority of our lending (91%) is provided to producer groups (209 out of 230), but Shared Interest continues to lend to buyer organisations. However buyer lending has reduced in recent years as many buyers work in the handcraft market, which has been significantly impacted by the pandemic and changing European market requirements. Despite this, lending continues to be important to fair trade buyers as they are required to provide producers with a 50% payment on placing an order as per the World Fair Trade Organization (WFTO) Fair Trade Principles . This can put financial pressure on the buyer's cash flow and Shared Interest plays a vital role in filling this gap by sending money to producers on behalf of the buyer; we call this a 'recipient producer payment'.

Many of these producer groups are too small or too risky for Shared Interest to support directly or are in countries where we cannot lend. For example, we are unable to lend directly to producer organisations in India, Bangladesh, Nepal, and Pakistan due to their current financial regulations, but by providing a facility to buyer organisations, we can indirectly assist these producers to access working capital. The lines of credit provided to buyers therefore allow these organisations to pay their artisans and/or farmers upfront and to enable them to secure the raw materials in order to deliver the goods on time.

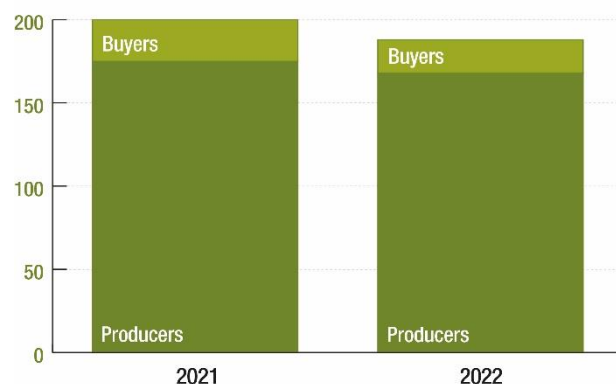
### Customer and portfolio development

Shared Interest is a founding member of the Council on Smallholder Agricultural Finance (CSAF), which celebrated its 10th Anniversary in 2022. CSAF members convene to share learning, develop industry standards and best practices, and engage other stakeholders to address barriers to market growth and impact.



As reported in the CSAF State of the Sector 2022 (Appendix 6), many organisations suffered delays in the export process caused by the global logistical crisis and the limited availability of sea freight containers. This mostly resulted in longer contract delivery periods, increased operational cost and delayed payment from buyers. Unfortunately, this led to a number of our customers defaulting on repayment schedules or requesting to extend their short-term lending, as they could not meet their earlier cash flow forecasts.

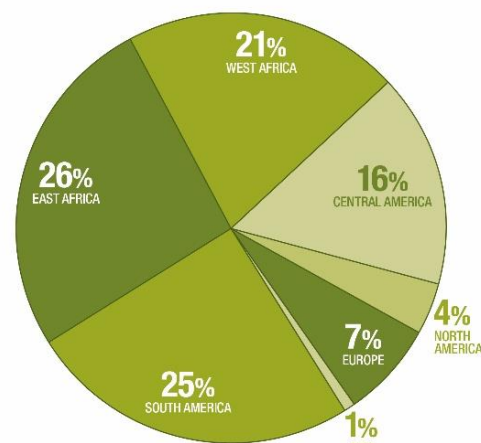
### Customer split



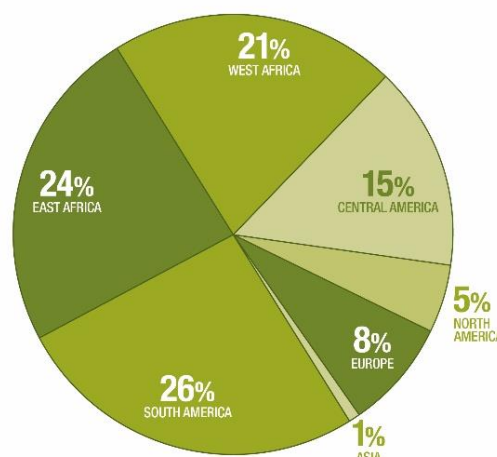
In most recent months, and in addition to the supply chain delays, a shortage of fertilisers and other agricultural inputs have resulted in surging and often unattainable prices. The CSAF report highlighted that this has been compounded by the conflict in Ukraine as many of the fertilisers are produced in Eastern Europe.

These complex challenges have put significant pressure on the working capital and cash flow of many organisations. In order to mitigate the risk, we undertook a more thorough analysis of our portfolio during 2022, and closed accounts that were seen as too high risk. Other accounts were closed mostly because of low utilisation because of declining orders. After many years of portfolio

### Customers per Region in 2022



### Customers per Region in 2021



growth, we have seen a reduction in customer numbers this year. According to the State of Sector report, other social lenders have also experienced this decline.

By the end of September 2022, there were 185 Shared Interest customers, consisting of 165 producer groups (2021: 175), 76 in Latin America, 88 in Africa, and one in Asia, and 20 buyers (2021:25) 13 in Europe and seven in North America (see graph adjacent).

With the account closures mentioned previously, there has been a slight shift in the regions where our customers are located, as seen in the graph above. With the closure of five buyer accounts, the proportion of customers in North America and Europe has reduced by 2%. Concurrently, East Africa introduced three new customers and the portfolio in that region increased by 2%.

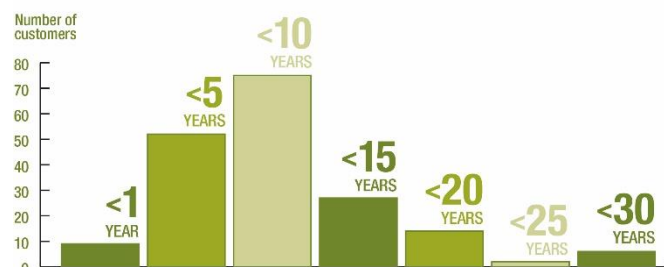
Looking ahead, Shared Interest will continue to support existing customers to build resilience, especially due to challenges linked to the aforementioned supply chain volatility. In fact, all CSAF members saw a low-level of new lending last year. We identified in our recent Strategic Review that we must look for innovative ways to support producers introduce climate adaption, continue to reach new customers, in new markets and diversify our portfolio further.

Shared Interest is committed to lending to smallholder farmers and artisans despite the below-market financial returns and we are hoping to continue to deepen our impact. To be able to successfully achieve lending in these markets we will need partners to work alongside Shared Interest, providing technical assistance to develop stronger and more inclusive value chains to mitigate risk.

## Customer relationship, communication and events

Since establishing regional teams in Costa Rica, Ghana, Kenya and Peru, we have strengthened our relationship with producer groups and grown our direct producer lending. Following the move to remote working during the pandemic, it was decided that the Shared Interest team would have the option of working from home permanently. This has allowed our regional representatives to reduce administrative tasks related to managing an office and reduced their operational costs. This has helped provide more flexibility for our Lending Team to undertake more frequent customer visits, including those to carry out due diligence.

### Length of relationship for Shared Interest customers



We pride ourselves on establishing long-term relationships with our customers and 67% have been with us for more than five years. The graph above shows the number of customers who have been with us for one year or more. Many of the customers who have been with us for over 20 years are buyer organisations but there are some producer customers, including a honey co-operative in Chile, another in Mexico, and a brazil nut producer in Peru.

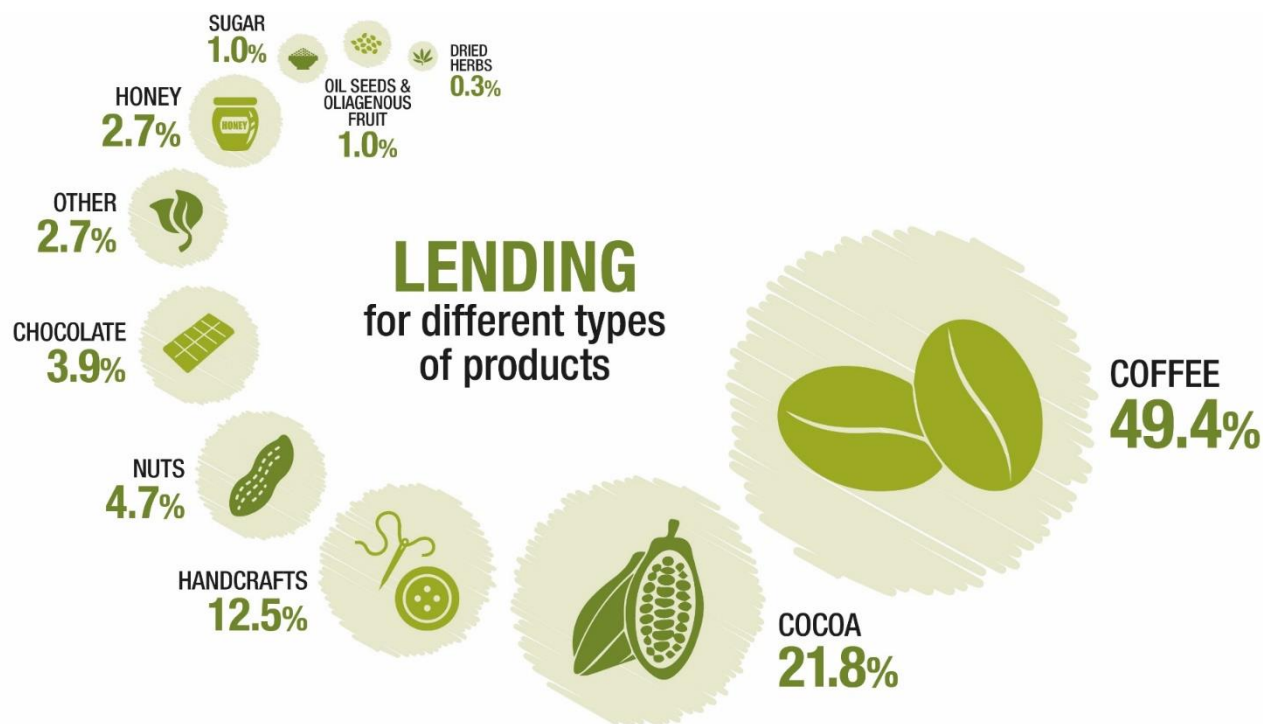
During the year, we have worked on improving communication by updating our multi-lingual marketing

materials for customer acquisition, which has included developing the online application form, as well as the Finance section of the website. Full translation of this section into French and Spanish should be completed by the end of 2022.

After two years of restricted travel, our regional representatives have attended several events throughout 2022. This includes Africa Green Revolution Forum (AGRF) Summit in Rwanda (March), Specialty Coffee Expo in the USA (April), Biofach Brazil in Brazil (June), Cocoa Salon in Peru (July), the 16th internal Fair Trade Summit hosted by WFTO in Germany (August) and Expoalimentaria 2022 in Peru (September).

## Products financed

The chart below shows the split of lending for different types of products as a percentage of overall disbursements made.



In terms of lending products, coffee remains our largest focus, mainly due to the scale of Fairtrade coffee production, with more than half of all Fairtrade certified producers growing this commodity. CSAF reported that 55% of the total disbursements from all of the social lenders in the group was for coffee. Prices had been steadily increasing since 2021, partly due to unexpected weather conditions in Brazil, where coffee trees were weakened by a drought, then hit by two severe frosts in less than a month. The changes in temperature are believed to be down to the effects of climate change and the heavy frost has been especially damaging to young trees, which may affect output for years. Brazil's drastically reduced crop has impacted the global supply chain, as the country is the world's largest exporter of coffee. The high level of volatility within the coffee market meant that producer groups required additional financing to meet customers needs in response to the market fluctuation for the same volume previously exported. Consequently, we saw an increase of 2.3% in our lending to support coffee, representing 49.4% of our total disbursement (previously 47.1%).

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 very volatile. Initially prices continued their trend from 2021 and consistently broke new multi-year highs, reaching above 2.5 USD per pound in February. This was due to a smaller crop harvest, along with problems with containers and shipping, leading to a large drop in exports of all forms of coffee in Brazil. In the latter part of the year, the price has been largely falling due to the stronger US Dollar and an improving crop forecast, following news of high rainfall in Brazil, promoting flowering and suggesting high yields next year. On top of that, investment bank Itau BBA said there are also concerns about coffee demand in Europe, the world's largest consuming region, due to

ongoing economic difficulties. Overall, the price has dropped 2.1% this year, but is up 13% year-on-year.

Although other CSAF members have recorded an increase in cocoa lending, our disbursements for this commodity have reduced from 28.3% in 2021 to 21.8% in 2022. We believe this is partly due to the high number of lenders operating in these regions and their ability to provide larger facilities at a lower interest rate. Consequently, a Shared Interest facility is often sought by cocoa co-operatives after they have received finance from another social lender. In addition, we have seen less utilisation of our cocoa credit facilities in West Africa during the small harvest cycle (i.e. April to September). This is due to customers receiving a lower level of orders from buyers.

The world's cocoa supply is mostly concentrated in Africa, which represents 74% of global production. Latin America produces 16% of the world's cocoa beans. The Ivory Coast and Ghana are by far the two largest producing countries, accounting for more than 50% of the world's cocoa. Yet according to the World Bank, cocoa farmers in Ghana make approximately 1.0 US Dollar per day, while those in Ivory Coast make around 0.78 USD per day compared to the threshold for extreme poverty at 1.90 USD per day. According to Fairtrade International, the average cocoa farming household in Ivory Coast is made up of eight people and has an annual income of around 3,000 USD. However, Fairtrade Foundation research concluded that the average cocoa farming household should earn around 7,500 USD a year to cover their full cost of living.

Based on the latest estimates by the International Cocoa Organization (ICCO), there was a Year-on-year decline of 6% in the global production of cocoa this season. They reported that this was driven by agricultural climate issues, trade disruptions, and increased freight costs.

Handcraft and textile products continue to have an important place in our lending as we maintain our focus on small and disadvantaged producer groups. In addition, we believe that Shared Interest remains the only social lender to provide finance to this sector. It is important to note that disbursements for handcrafts are made mostly through buyer lending. Therefore, the increase seen from 8% in 2021 to 12.5% in 2022 is due to higher purchases from buyers as retail shops reopened and demand for handcraft items increased. There was a slight increase in disbursements for chocolate and honey and a decrease for nuts.

## Due Diligence and Management of our Risk Portfolio

The businesses we support are often working in vulnerable areas and are dealing with the effects of climate change, as well as the volatility of commodity prices. We aim to lend without placing our capital, invested by members, at excessive risk. To achieve this, we implement a rigorous due diligence process, and this has been even more important due to the supply chain volatility experienced this year. Ideally, a physical visit to the premises will be made prior to any lending approval but if this is not feasible (due to remote location for instance), a virtual due diligence report can be accepted provided it is followed up with a physical visit.

Due to the nature of our lending, there is always the risk that loans may not be repaid in full, or need to be converted into a Debt Consolidation Loan with a new repayment plan. Often these circumstances are beyond our customers' control and, where we can, we continue to work with them throughout such times of hardship. Inevitably, however, each year we have to make provision in our financial accounts for bad debts – the cost of those loans and advances that we believe we will not ultimately recover. More detail on the amounts and profile of bad debt provision is available in our Directors' Report and Financial Statements 2021/22 (Appendix 1).



Our lending decisions are made within credit policies, which help in managing our exposure to risk. Prudential lending limits, approved by the Board, specify the proportion of our Share Capital, which can be lent by commodity and country risk category. Revisions are made based on evidence gained from lending and the careful consideration of relevant risks. Consequently, an increase in Share Capital makes additional funds available for customers to borrow within a specific country or commodity which otherwise could not have been possible if the prudential lending limit was reached.

With the global economic crisis and increasing levels of arrears we had to introduce a series of mitigating measures to protect our capital. In January 2022, we introduced an updated Facility Agreement Contract for customers setting out the terms of each lending facility. This document was reviewed by lawyers in four different countries and allowed us to deal more efficiently with customers in arrears. Shared Interest has also appointed official debt collection agencies in both Tanzania and Uganda this year. Finally, where appropriate, we requested collateral in the form of promissory notes, personal guarantee or land titles.

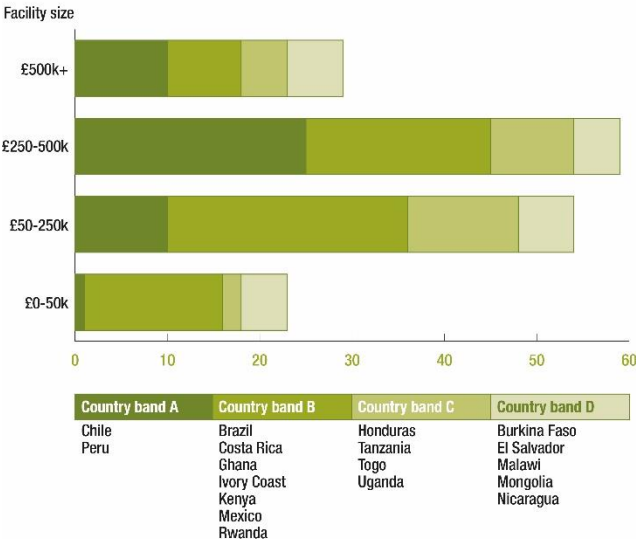
To control our country-related risk we use an independent evaluator organisation called Coface, which categorises countries within eight different bands. A more detailed explanation of country risk can be found in Appendix 7. Prudential limits are then set to manage our exposure to countries in C and D categories. During the year, five countries changed band: three of them moved up by one category to show reduced risk (Brazil, Costa Rica and Honduras) whilst two countries were judged more risky. This includes Rwanda moving from A to B and Mongolia moving from C to D. It should be noted that we only have one small-scale producer organisation in Mongolia.

In addition, we use a risk scorecard matrix for each customer, which consists of both quantitative and qualitative indicators, weighted according to their potential

impact on the performance of a business. This then allows us to fairly and consistently evaluate the potential risk to our capital, allowing us to calculate a risk premium, which is reviewed on an annual basis.

The graph below shows the number of producers we lend to in relation to their country risk category (Appendix 7) and their facility size. Eighty-three per cent of our producer customers have a lending facility of under £500k. If we compare this with other social lenders within CSAF, 61% of the facility limits provided are over 500k USD (£446k). This emphasises how Shared Interest continues to support smallholder farmers and small groups of artisans, which is at the core of our mission. However, as the graph also shows, we continue to finance a range of small, medium and larger customers.

Facility Size vs Country Band



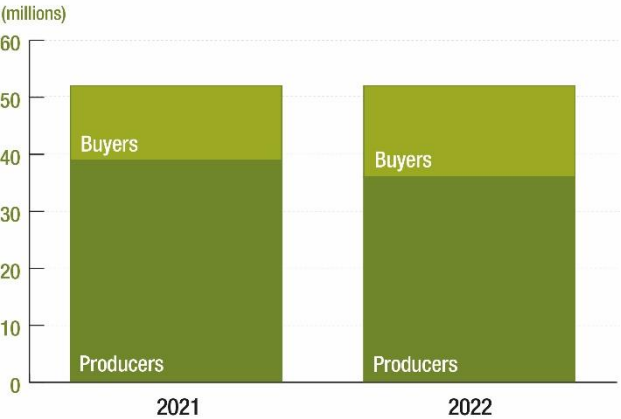
## Disbursements

Previously we reported on all payments made to both producer groups and recipient producers by the Society i.e., payments recorded to producers (who have an Export Credit facility) included funds that were not borrowed (sent by commercial buyers as a final payment), and this slightly skewed our lending data.

The term 'payments' remains the correct terminology in terms of buyer lending as no funds are sent directly to the buyer organisations. Instead, we make payments to producers on their behalf and report on these payments as an indication of growth and indirect support to 'recipient producers'. As this type of lending now represents a minimal proportion of our overall portfolio, we will refer to 'disbursements', which aligns with the terminology used by other social lenders within the sector.

'Disbursements' refers to any funds sent as part of an Export Credit payment (prefinance request), Buyer Credit payments to suppliers or the release of a Stock Facility or Term Loan. It excludes Stock Facilities or Term Loans that have been sent in prior years.

## Total disbursement made per type of customer

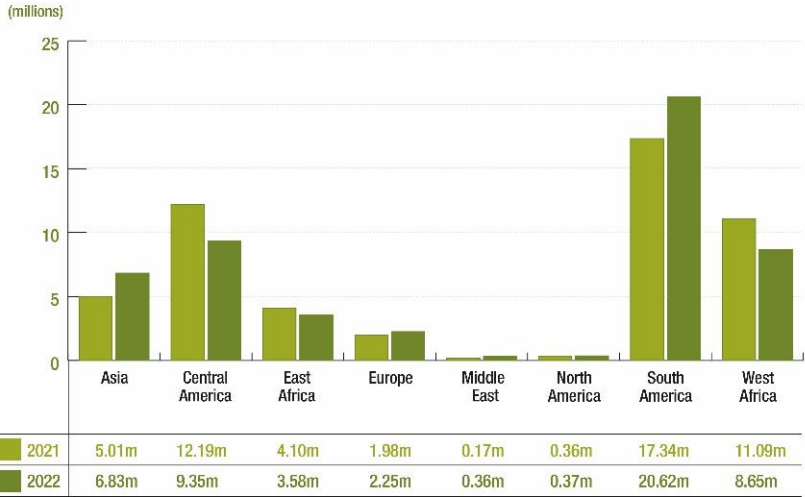


During 2022, a total of £51.9m funds were disbursed compared to £52.2m in 2021 (see adjacent graph). As pandemic restrictions were lifted buyers started to increase their orders again, resulting in higher disbursements, from £13.3m in 2021 to £15.8m in 2022. Although some producers requested additional prefinance, there was an overall decrease as the total amount of producers in our portfolio reduced by ten compared to the previous year and shipping delays meant funds were requested later, or borrowing was extended for a longer period. Finally, some producer groups accessed funds with a lower interest rate from alternative financial sources. (See page 42 for further information on this.)

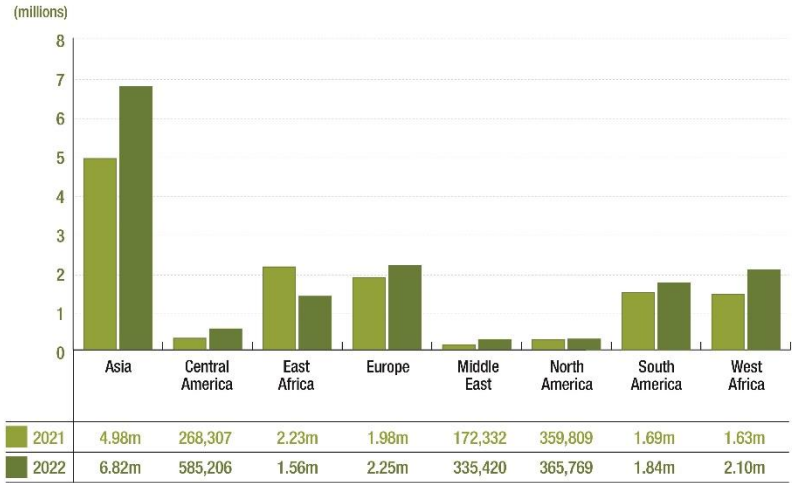
The graph adjacent shows where the funds were disbursed by region, including funds sent on behalf of our buyers customers.

Of the total payments made on behalf of buyer customers (see graph adjacent), a large proportion (43%) went to Asia. Due to political and economic constraints, it is not possible for us to lend directly in some of these regions, therefore our relationships with buyers are essential in reaching disadvantaged communities here. Out of the £6.8m disbursed on behalf of the buyers, £4.1m was sent to India and £1.1m to Bangladesh – both countries in which we cannot lend directly. A proportion of payments were also sent on behalf of buyers to other fair trade organisations in Europe and North America. In addition, we also make payments to other social lenders in different parts of the world, on behalf of producers we both support.

Disbursements made per region to producer customers and recipients



Disbursements made on behalf of Buyer Organisations



**IN 2022**

**ON BEHALF OF  
BUYER ORGANISATIONS,  
WE HELP TO  
PREFINANCE INDIRECTLY**

**124**  
**ORGANISATIONS**

**IN**  
**43 COUNTRIES**

**TOTALLING**  
**£15.8m**

## LENDING PER REGION

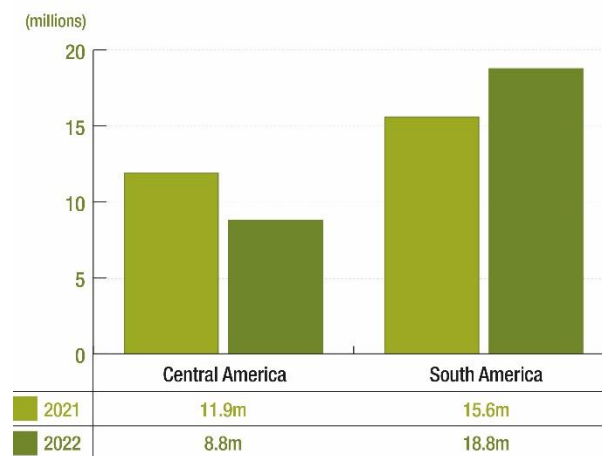
This section will look at the funds borrowed by our producers during 2022 and 2021 in disbursement terms by region. As we only have one producer in Asia, it has been excluded from this analysis.

### Latin America

As mentioned earlier, increased coffee prices caused ongoing disruption to local coffee markets in Latin America throughout 2022. The limited amount of coffee available was in high demand and this caused supply chain issues, with farmers being offered higher prices by intermediaries. In addition, some customers within this region did not use their facilities as they received government loans with minimal interest rates to support them financially during the pandemic. However, as some of those loans began to be repaid, the need for prefinance arose again, hence the increase seen in 2022. This was largely influenced by higher disbursements to coffee business, especially in Peru, which remains the country with the highest number of Shared Interest customers. Out of the £18.7m disbursed in South America (see graph adjacent) £17.6m was to customers in Peru.

Central America saw several account closures, as some customers were determined as too high risk, but those that remained active were in regular use. We began to see an increase in prefinance requests from June onwards in line with the start of the coffee harvest season across the region. In fact, by September 2022, lending was higher than anticipated. Interestingly, other CSAF members reported a growth in disbursements, but this includes those in countries where our interest rate is not competitive such as Guatemala where bank rates are much lower. Out of the £8.7m disbursed in this region, £6.4m went to producers in Nicaragua.

### Total disbursement made to producer customers in Latin America



### Africa

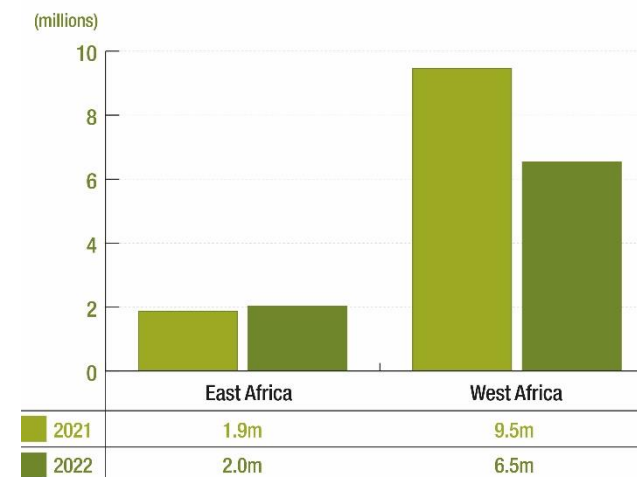
Although the number of Shared Interest customers in Africa is greater than in Latin America, the difference in disbursements is considerable: £8.5m (see graph adjacent) compared to £27.6m. Africa has far fewer disbursements due to the number of customers using a repayment plan and, in some cases, customers were only utilising their facility once per year.

Nevertheless, due to new accounts opened during the year and existing customers increasing their facilities, the total value of disbursements made in East Africa rose to just over £2m. The majority of these funds were sent to producer groups in Rwanda (£1.1m) and Uganda (£818k), with a high number of disbursements made to coffee producers experiencing similar challenges and market volatility to producers in Latin America.

Following many years of growth, we have experienced a decrease in disbursements in West Africa. A large portion of the funds in this region are used to prefinance cocoa

producers, especially in Ivory Coast, where £6m out of the £6.5m disbursed was sent. As mentioned previously, there has been increased availability of finance here as larger co-operatives, who have a license to sell directly to international buyers, have been offered facilities with higher limits from other social lenders. Therefore, producers have used these facilities before requesting funds from Shared Interest. Although we could consider reviewing our credit policies to change the maximum limit we can provide to a large producer organisation, Shared Interest will remain true to its mission to provide finance to smaller, more vulnerable groups. Consequently, we are exploring possibilities to lend funds to small-scale co-operatives within this region.

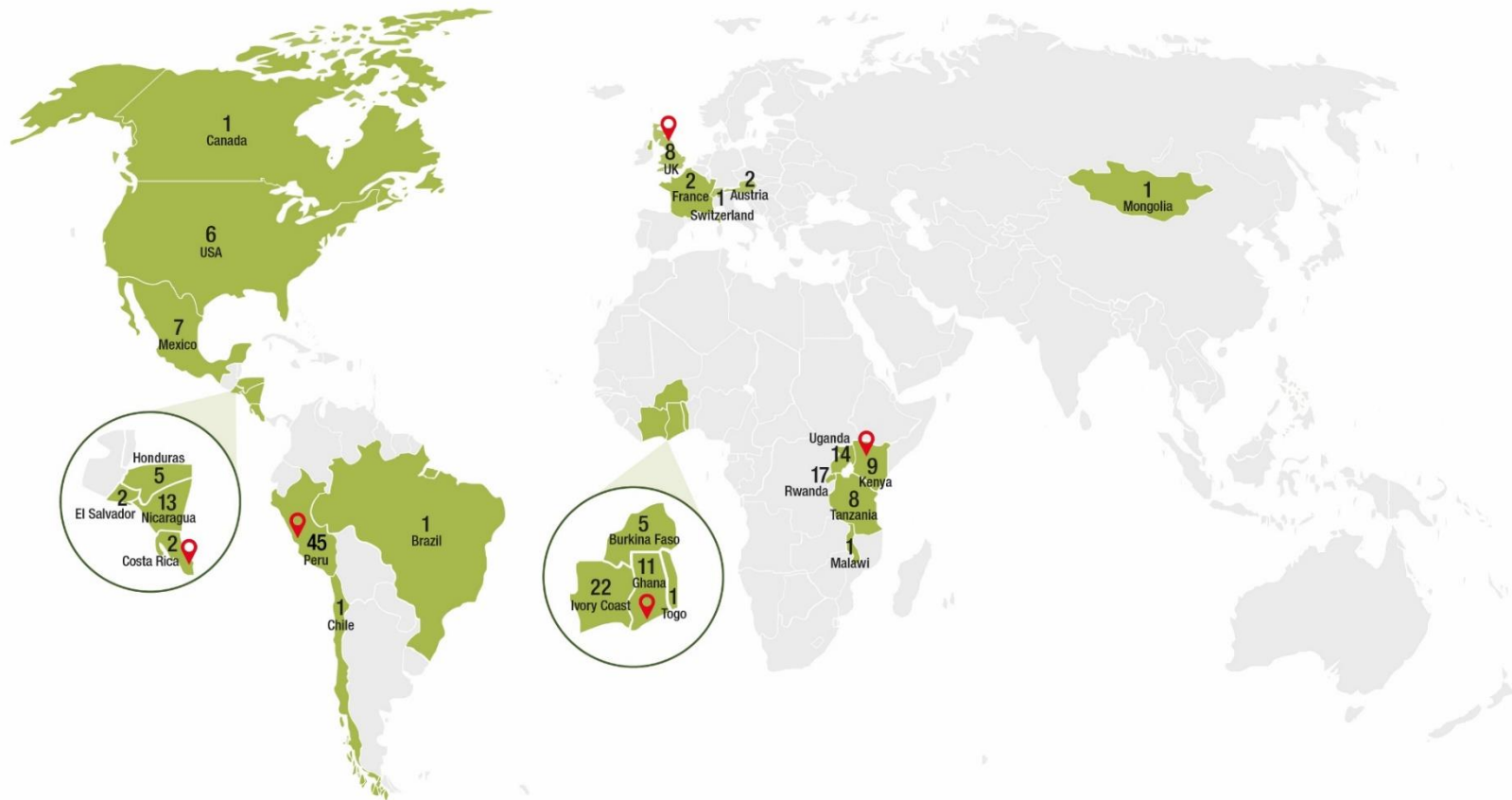
### Total disbursement made to producer customers in Africa



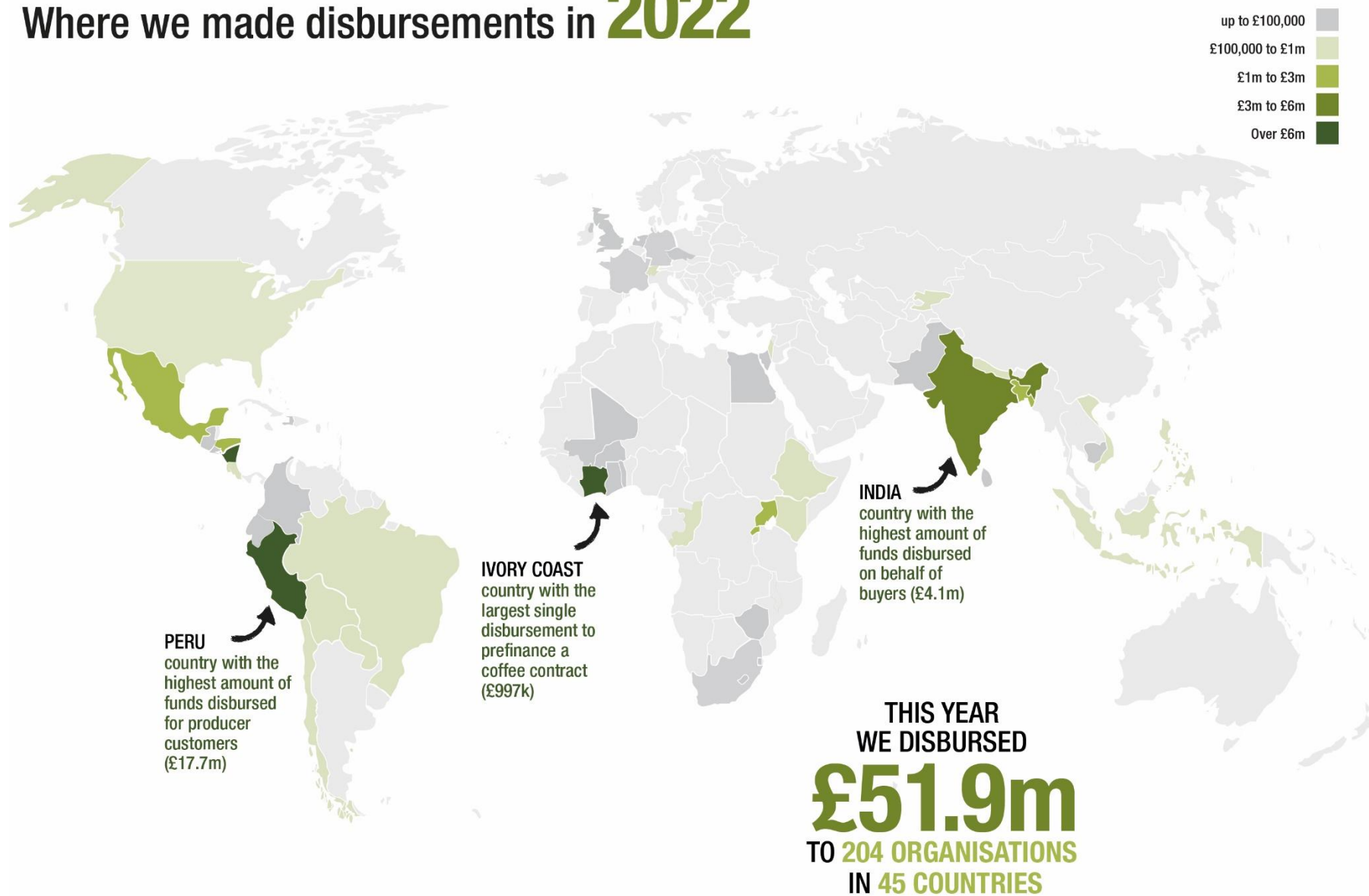


# Number of customers per country in 2022

📍 Location of Shared Interest team



## Where we made disbursements in 2022



# Financial Stewardship

The financial statements for Shared Interest Society and Shared Interest Foundation can be found in the Appendix and on our website ([www.shared-interest.com](http://www.shared-interest.com))

All of the information that was available in previous versions of this section, and considerably more, is included in the reports mentioned above, with the exception of the table showing in which financial institutions the funds of the Society are held. As the funds are almost exclusively held with our principal banker, Santander UK plc, this was deemed not to be providing any further useful information.

The financial statements are comprehensive reports subject to statutory external audit and within them the Report of the Directors in the Society's financial statements includes an overview of results for the year and details our approach to the following key stewardship elements:

- Going concern
- Reserves
- Risk
- Corporate governance
- Board Committees

There is a significant overlap in the membership of the two Boards (only Tim Morgan is not a director of the Foundation as well as a Society director). So much of what is reported in relation to corporate governance and committees for the Society applies equally to the Foundation.

Shared Interest Foundation's financial statements also give a report of each project that the charity manages (this is not possible of course at the scale of the Society).



*Inka Moss harvester Fermín Cárdenas Justiniano collecting sphagnum moss in Incacocha, Peru.*

## Our projects

Our charitable arm, Shared Interest Foundation, aims to improve livelihoods through the development of sustainable businesses and income generation initiatives across Africa and Latin America. We deliver social impact projects and provide business support to smallholder producer groups. We believe that strong and well-managed businesses create employment opportunities and increase the income of producers and workers, resulting in an improvement in their quality of life.

Working in partnership with local organisations, we implement projects that aim to:

- Support the development of sustainable income-generating enterprises to improve livelihoods and contribute towards a reduction in poverty with a focus on empowering women and young people.
- Increase the business and agricultural skills of producers and artisans to improve the quality and quantity of their product and increase their resilience to climate change.
- Strengthen the resilience and sustainability of co-operatives, which support thousands of farmers and artisans.

Over the past year, we delivered 12 projects in Africa and Latin America, which supported the development of innovative initiatives to generate vital income for rural communities. This work aimed to strengthen the climate resilience of producers, as well as creating income-generating opportunities for women, young people and established enterprises.

Whilst we support all Sustainable Development Goals (SDGs), we feel our projects align closest with SDG 1



'No Poverty', SDG 5 'Gender Equality', SDG 8 'Decent Work and Economic Growth', SDG 13 'Climate Action' and SDG 17 'Partnerships for the Goals'. These areas are represented in our ongoing projects. Along with an additional theme of 'Youth Engagement'.

This year we launched six new projects:

- Ensuring environmental protection and biodiversity conservation through income diversification (Peru)
- Strengthening coffee producers' resilience to climate change (Rwanda)
- Improving livelihoods through agro-processing (Burkina Faso)
- Seed to Stall: Increasing self-sustainability through soilless vegetable farming (Burkina Faso)
- Seed to Stall: Increasing self-sustainability through domestic soilless vegetable farming (Burkina Faso)
- Soilless farming (Ghana) (Drip Irrigation)

During the year, we concluded one project:

- Improving organic coffee production (Peru)

Details of all these projects and their impact can be found in Part II of the Social Accounts.

This year, we secured four grants with a total value of just under £80k to deliver projects across East and West Africa. We were delighted to secure grants again from Guernsey Overseas Aid and Evan Cornish Foundation for our Seed to Stall projects in Burkina Faso. We received a grant from The Peter Stebbings Memorial Charity to purchase irrigation systems to strengthen the sustainability of our soilless farming project in Ghana, and a grant from Charles Hayward Foundation to expand our Growing Fairer Futures project in Rwanda; this project will launch in 2022/2023. In addition, we

were grateful for a donation of £20k from a Shared Interest Society member to support women in Africa. We will report fully on this project in next year's Social Accounts.

Project funders are listed below in alphabetical order:

- Building Sustainable Livelihoods for Women through Organic Sesame Farming (Nicaragua): (match-funded by a Trust who wish to remain anonymous)
- Growing Fairer Futures (Ivory Coast): Shared Interest Society Member
- Increasing the Resilience of Coffee Farming Households through Income Diversification (Uganda): The Marr-Munning Trust
- Seed to Stall: Increasing self-sustainability through domestic soilless vegetable farming (Burkina Faso): Evan Cornish Foundation
- Seed to Stall: Increasing self-sustainability through soilless vegetable farming (Burkina Faso): Guernsey Overseas Aid
- Soilless farming Ghana (Drip Irrigation) (Ghana): The Peter Stebbings Memorial Charity

In addition, we received funds as unrestricted income through individual donations and legacies from Society members. We remain extremely grateful for this support and extend our deepest sympathy to the families who have lost loved ones.

This year, our unrestricted funds enabled us to launch three projects:

- Ensuring Environmental Protection and Biodiversity Conservation Through Income Diversification (Peru)
- Strengthening Coffee Producers' Resilience to Climate Change (Rwanda)
- Improving Livelihoods Through Agro-processing (Burkina Faso)

Due to travel restrictions still in place at the start of the year because of the pandemic, we were unable to visit our projects and continued to monitor activities and progress remotely through Zoom, WhatsApp and email. As restrictions began to lift, and after conducting comprehensive risk assessments, we visited our projects in East and West Africa in May, July and September.

## SHARED INTEREST FOUNDATION IN 2022



With the support of  
**1,548 DONORS**  
& 7 GRANT MAKERS



We delivered  
**12 PROJECTS IN 7 COUNTRIES**  
across Africa and Latin America



Supporting  
**2,981 PRODUCERS**  
of 6 commodities  
(coffee, cocoa, sesame,  
passion fruits, vegetables  
and sphagnum moss)



We worked with  
**10 local partners**  
including  
**8 CO-OPERATIVES**

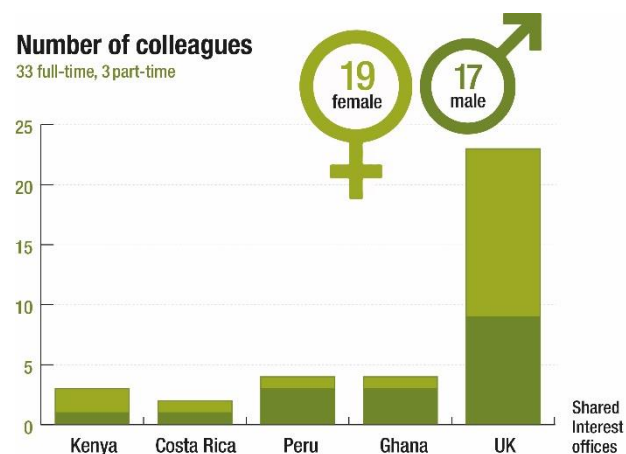


**2,365 FARMERS AND PRODUCERS**  
(60% WOMEN)  
accessed training

# Our Team

At the foundation of our Theory of Change (ToC) is a motivated, engaged and skilled team, who are instrumental in implementing the activities needed to bring about desired change.

At 30 September 2022, Shared Interest had a team of 36 colleagues and 98 volunteers. During the year, there were four new colleagues and three people left the organisation. We were deeply saddened by the death of our valued colleague and friend, Ann Colquhoun, at the beginning of the year. We collected memories and recollections to create a special book compiled in tribute to Ann. We also included a feature in our newsletter, Quarterly Return, to celebrate Ann's life at Shared Interest.

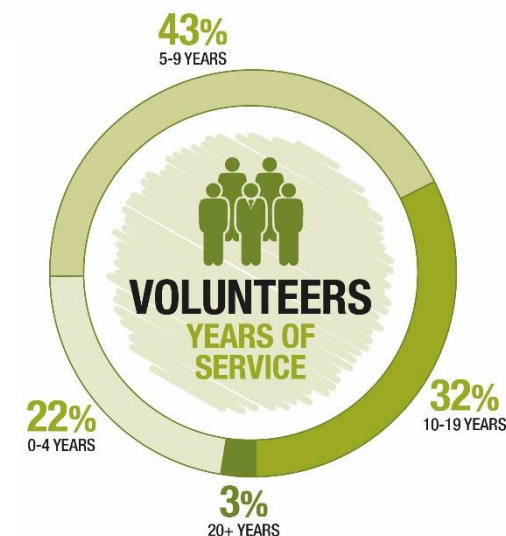
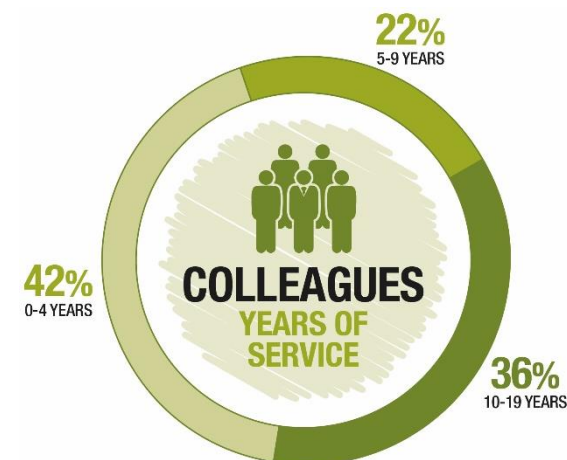


Retaining positive and engaged people is a significant contributor to Shared Interest's continued growth and success. The diagram adjacent shows that 42% of the team has been with the organisation four years or less and 22% between five and nine years. Whilst 36% of the team has been with us between 10 and 19 years.

This year, we welcomed eight new volunteers and said thank you to three leavers. In spring 2022, we participated in the development of a UK-wide 'Vision for Volunteering' project, which concluded that 'Volunteers help to transform communities... driving positive change'. The vision identified that task-based volunteering will continue to be a significant trend, which we have seen take shape at Shared Interest through increased opportunities for volunteering in translations, data entry and research tasks.

The following quotes are from our Volunteer Survey carried out in May 2022:

- 
- "I like to feel part of an organisation that achieves so much of value."*
- "I feel proud to be associated with it because it is helping empower people."*
- "There is certainly a feeling of community promoted by Shared Interest volunteer support staff and they are always keeping everyone up-to-date and involved."*
- "The staff are fabulous and the other volunteers are amazing."*
- 



The language skills of our colleagues and volunteers enable us to build relationships, gather content and communicate effectively with stakeholders. In addition to English, key languages used regularly by our team include French, Spanish, Portuguese, and Kiswahili. We recruited volunteer support for translation and interpreting of Kinyarwanda to support the development of the KOAKAKA case study (see p.58). We were also grateful for the support of our 12 translators who assisted us with various tasks involving French and Spanish.



The number of absence days due to sickness has decreased this year and stands at 163.5 days or 1.8% of working days, compared to last year's figures of 296 or 3.2% (which was mainly due to long-term sickness absence). This absence figure is below the national average for the UK.

## Training

Following the pandemic, external training and development opportunities have increased. Although most training sessions were undertaken online, the overall training costs have increased due to an increase in professional and certified courses. In addition, our Lending Managers undertook leadership training. Coaching sessions also took place for colleagues who made the transition from Middle Managers to the Senior Management Team. The recruitment of four new people overall led to an increase in induction costs.

Description	2020	2021	2022
Training cost (course/trainer fees)	£19k	£9k	£20k
Internal time cost (while on courses)	£15k	£11k	£18k
Inductions (cost for carrying out & attending inductions)	£4k	£3k	£5k
Number of hours spent training	1015	742	1,120
<b>Total</b>	<b>£30k</b>	<b>£23k</b>	<b>£43k</b>
No of training days	136	100.5	151.5

We have continued to provide various online training courses covering Safeguarding the Vulnerable, Anti Money Laundering and GDPR from online systems called Skillcast and KnowB4. Individual colleagues have also undertaken personal development courses including basic French, a Business Course, CIPR Specialist Diploma in Internal Communications and a university course called 'Help to Grow Management'. Overall, colleagues attended 74 conferences and seminars including the Bond Power in Development Conference, People Power Conference, and a Mental Health in the Workplace event run by ACAS.

In addition, our lending team attended virtual events such as the summer edition of Biofach Germany and the following webinars:

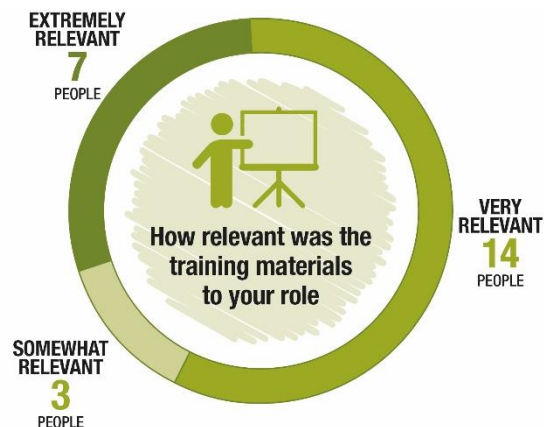
- Price Risk Management training by CSAF
- Aceli Africa Refresher training on Aceli Africa Programme and policies
- Fair Trade Africa General Assembly
- Gender Lens & Value for Women training by Aceli Africa
- Fair Trade Ghana Network Annual General Meeting
- West Africa Regional Fairtrade Congress and Convention

Evaluation forms are completed following attendance at training events, both within one week of training, and again six months later. These forms are used as a basis for discussion between attendee and line manager, to identify whether objectives were met and how learning can be applied in the working environment. They also help us assess the quality of the training and its relevance for others. We capture ad hoc seminars and webinars in the training record.

Training courses tended to last between half a day and four days, although some training is longer-term.



Feedback shows that out of 24 responses returned, 22 indicated that the training covered the right level of information.



When asked how they would apply their new knowledge, colleagues' comments included:

*"To improve the way I carry out presentations and communicate via Zoom."*

*"Every time I review contracts when approving prefinance. When carrying out the annual review in order to analyse the risk of their contracts."*

*"It has helped me to understand how to approach requesting certain things from other staff. Not everyone thinks the way I do (i.e. different personalities) and I am trying to be more mindful of that!"*

---

*"Working to improve internal communications."*

*"Useful for Arrears Committee discussion."*

---

New volunteers are invited to complete a self-led, online orientation process, which welcomes and introduces them to Shared Interest. Following completion of this, they completed relevant induction training to prepare them to carry out their role. This year four orientations were completed and six induction-training sessions (attended by 17 volunteers in total). Below are some quotes from volunteers who completed the orientation/induction training:

*"I believe that one-on-one training partnered with direct display of the work the volunteer will be doing is a great way to conduct training."*

*"The advice is short and simple and therefore does not confuse new volunteers. The induction training is very clear."*

---

In addition, we introduced two new 'impact webinars' where volunteers were invited to hear about the impact of their involvement and how their efforts are contributing to our work. These were held in November 2021 and March 2022. We held our first hybrid event in August where volunteers joined in person (in London) and online to form a focus group discussion about marketing materials with colleagues from our Membership Engagement Team.

## Recruitment

There were three leavers this financial year. The first was due to a need for our former colleague to relocate. Two colleagues left for career progression - as a small organisation, there are sometimes limited opportunities for promotion.

## Returning to the UK office and new working arrangements

Following almost two years of working from home, our Newcastle office re-opened in March with a new hybrid model. Colleagues initially worked one day per week in the office and the remainder at home. Following an organisation-wide consultation, we responded to feedback and enabled our UK team to work routinely from home in May, with the option of also working in the office on an ad hoc basis and on request for teambuilding or particular meetings. Colleagues were able to choose whether to opt in or out of the flexi system when in the office, and approximately 45% chose to opt out. These arrangements will be reviewed after six months. Our regional premises have been closed during the same period and colleagues have chosen to work permanently from home.

Workstation Risk Assessments have been carried out for both workspace set up when working in the Newcastle office and when working from home. Where additional equipment was required, this has been provided.

## Internal communication

During the pandemic, we continued to consult with colleagues during the transition from remote to hybrid working arrangements.

We continue to use platforms such as Microsoft Teams and Zoom for weekly one-to-one and team meetings,

project work and social interaction. We have also continued to hold a virtual monthly update meeting for the entire Shared Interest team and have introduced sessions that focus on different departments in the organisation.

We continue to send colleagues and volunteers birthday cards and celebratory messages via Zoom and email. We also send out a bimonthly volunteer newsletter to share news and updates among the volunteer network.

### Wellbeing, social events and culture

The Health & Safety Committee held their annual presentation on wellbeing and strategies for working from home, whilst maintaining positive lifestyle choices.

The Aviva DigiCare & Workplace app introduced in 2021 is still in operation for colleagues to access a range of benefits including an annual health check, digital GP and mental health and nutritional consultations.

We have continued to hold 'Coffee and Learn' sessions on a variety of topics including creative ways to use PowerPoint, environmental awareness and growing and storing herbs.

We were delighted to bring UK colleagues together for The Queen's Award presentation event. This was the first time our Newcastle team had met in person for two years. Pandemic restrictions meant that our colleagues in Africa and Latin America were unable to travel to the UK. However, they joined us virtually via Zoom for the ceremony.

Our Head of Lending travelled from Peru to the UK in June and met with colleagues for lunch in our Newcastle office. The UK team met again at the end of September to coincide with Non-Executive Director interviews. This provided the opportunity to meet candidates as well as current Board members. Feedback from these two

events have been positive and our regional teams have met together on a regular basis.

To mark Volunteers' Week in June, we held our second online Volunteer Festival. The festival ran over three consecutive days and was open to all volunteers and colleagues. Sessions included 'Five Ways to Wellbeing' led by Ruth Rosselson of Manchester Mind, 'Volunteer for a Sustainable Future' with Helen Tandy of Castlefield and EcoCommunities UK and 'PowerPoint tips with Mike and Ruth', delivered by Mike and Ruth Holmes, Shared Interest ambassadors.

The following quotes are examples of feedback from volunteers about the Volunteer Festival:

---

*"Fascinating and challenging presentation on a sustainable future this morning."*

*"Thank you so much for this! We really enjoyed all the Festival events...and do appreciate all the time you put into organising such an interesting programme."*

---

We also sent all volunteers a Thank you card and a bar of Tony's Chocolonely (Fairtrade chocolate brand) with a Shared Interest branded wrapper.

---

*"Thanks so much for the lovely bar of chocolate which was waiting for me when I got back yesterday...It was a delightful surprise amid the various bills and circulars in the post, and much appreciated."*

---



*Chocolate and thank you card sent to volunteers during Volunteers Week.*

### Benefits and salary

Salaries are reviewed annually with the cost of living, individual performance, and a benchmarking exercise all part of the process. A comparison of the highest against the lowest UK salary remains at a ratio of 3.9 to 1.



Shared Interest aims to provide job satisfaction by offering interesting and varied work combined with generous and flexible benefits.

Engagement Survey

We have continued to maintain a strong focus on positive engagement, which has proved even more important following the ongoing impact of Covid-19.

In August 2022, we circulated the online Engagement Survey, which included questions specific to the new hybrid working arrangements. All survey responses were collated anonymously using the People Gauge online tool.

A total of 34 colleagues out of 36 completed the survey, which was a response rate of 94.4%. There has been a positive move in engagement levels and it was great to see that all 34 respondents were either ‘engaged’ (36.5%) or ‘actively engaged’ (63.5%).

Responses from two open questions asked in the survey are shown below:

One thing that would help my wellbeing would be....

- “Continue to allow working from home.”
- “Informal group chat and activity challenges.”
- “Salaries should rise according to the productivity, inflation is very high and it is affecting the quality of life.”
- “Meeting colleagues more regularly, having the opportunity for social interaction.”
- “I feel they are doing all they can.”
- “To eat more healthy again and start walking.”



One thing that would make the current / new working arrangements work even better would be....

- “Keeping the current office space for now, while we adjust to the new working arrangements.”
- “The continued flexibility of working from home.”
- “I am happy with the current flexibility to work from home and/or the office when it suit me.”

“Ensuring that we try to have a departmental get together once every 1-2 months. Full remote working is great, but I think we do need to ensure that we don’t go for many months without meeting each other in person.”

“Regular engagement, effective communication and backup power source.”

“Improved digital technology and reliable internet connection.”

People were asked to provide three words to describe what it is like to work at Shared Interest and the results form the word cloud below. The size of the words corresponds to frequency of use.

Many of the words that colleagues used to describe how they were feeling were the same as in previous surveys. The top words in September 2021 were ‘busy’, ‘supported’, ‘tired’ and ‘happy’, whilst the survey in August 2022 showed the top words were ‘challenging’, ‘flexible’, ‘busy’ and ‘varied’. The August survey showed the first use of the terms ‘hopeful’ and ‘complex’.





We also carried out a Volunteer Survey in May 2022 and received 23 responses, a 34% response rate.

The questions covered topics such as motivations, feelings of being valued and proud in their volunteer roles, whether they would recommend volunteering with Shared Interest and feedback on potential events for volunteers.



Shared Interest volunteers Janet Wells and John Crowch at volunteer meet up in London.

Eighty-seven per cent of respondents believe that volunteering with Shared Interest has a positive impact on them (the remaining 13% felt no impact on themselves). The comments relating to the impact volunteers feel were:

---

*“Have learnt loads about Fairtrade and met amazing people.”*

*“Shared Interest gave me an insight into how co-operatives work - I used this knowledge to help set up our village shop as a consumer co-operative.”*

---

---

*“It has been good to feel that I am helping further Shared Interest's aims and activities. On a personal note, it has helped me keep up and, where grammar is concerned, refresh my language skills.”*

---



Shared Interest volunteer Janet Wells.



Shared Interest volunteers Ruth and Mike Holmes.

The volunteer survey also asked volunteers to share three words to describe what volunteering with Shared Interest was like.



# Environment

We recognise that our operations have a local, regional and global effect and we are committed to continuous improvements in environmental performance. Based on this conviction, Shared Interest created an Environment Team in 2008, to act as internal ‘champions’ and support colleagues’ engagement with these issues.

As members of World Fair Trade Organisation ([WFTO](#)), we follow their [10 Principles of Fair Trade](#), which include Principle 10 ‘Respect for the Environment’. We put this into practice through the application of our ‘Green Policy’ (see Appendix 8), which includes purchasing and event checklists. The Environment Team oversees this policy, and its use.

Our ‘Green Policy’ (Appendix 8) includes our Environmental Action Plan, which is split into five sections, and illustrated below with an example of how we have taken action this year.



## Waste Management

We have implemented plans across the organisation to dispose of excess technology equipment in a secure and eco-friendly way. For instance, spare laptops are wiped of any confidential data before being donated to schools and charitable organisations. Where these options are not available or possible, we use a reliable recycling company to extract as much non-renewable material as possible.

## Transport and Travel

As we have moved to a hybrid working model, people now work from home for the majority of the time. We also encourage colleagues to help reduce our environmental footprint by travelling efficiently, combining several customer visits in one trip if they are in close proximity. The increased use of online technology has helped reduce the need to travel. For instance, the development and continued use of an virtual due diligence process and a virtual AGM for members. In addition, we maximise on opportunities to meet with a higher number of current and potential customers when attending conferences and events. As part of our efforts to reduce our carbon emissions, we record the number of miles travelled and offset this.

We continue to incorporate carbon offset tracking into travel across the organisation. Travel increased this year following the lifting of travel restrictions across much of the world. Our records show that in the year 2021-22 we generated 17.2 tonnes of CO2 during the year through travel, 16.7 tonnes of this was a result of air travel. This has been converted into a value of £215, which has been added to our carbon offset fund. Once this fund reaches around £2,000 (currently £985) it is used to support a specific project identified by Shared Interest Foundation or in partnership with others.

## Raw materials and Supplies

Our main printing supplier was one of the first printing companies to be awarded with the ISO 14001 Environmental Management accreditation and they ensure all areas of their supply chain comply with this accreditation too. They use a combination of vegetable-based inks and chemical-free printing presses to reduce

environmental impact. Their website states: ‘The investments we have made in the latest sustainable printing technologies have provided us with the means of saving 200k litres of water each year and is something we feel passionate about continuing to develop as new green technologies emerge.’

## Energy usage

The Environmental Team sends regular updates on how to reduce electricity usage by adopting energy-saving measures at home.

Below are some interesting facts about energy sources in countries where colleagues are based:

- Costa Rica produces almost 100% of its electricity from renewable sources and has done so for over seven years. Their largest source of energy is hydro; other sources include geothermal energy, biomass, solar power and wind power.
- In Peru, renewable energies represent around 6% of the total energy matrix. Hydro is the most prominent form of renewable energy.
- Around 40% of the energy generated in Ghana is from renewable energy sources including hydro, solar, wind, bioenergy and geothermal.
- Over 80% of Kenya’s electricity is generated from renewable energy sources. Geothermal remains the most significant source.
- In the UK, 43% of power comes from a mix of wind, solar, bioenergy and hydro sources.

- Our UK office uses 100% renewable or green energy. This is sourced from hydro, wind, solar and biofuel.

## Team involvement

We introduced Coffee & Learn sessions in 2020, where members of the Shared Interest team have the opportunity to host an informal online presentation on a subject of their choice. Some sessions have drawn colleagues' attention to environmental issues. Topics covered during the year include a session on growing your own herbs using recycled household items and joining the Plastic Free July Challenge. We also highlight particular events such as Earth Day, to raise environmental awareness about global warming and climate change, and to promote self-education on the United Nations' Sustainable Development Goals amongst other topics.

In 2021, we reported that we had dedicated trees in the National Forest to the Shared Interest team as a thank you for their help and support. These trees were planted in May 2022 at a new National Forest site, called Minorca Woods, in North West Leicestershire.





# Part II: Our impact

Through Shared Interest Society and Shared Interest Foundation, we provide financial services and business support to producer groups to increase their income, to help them building more resilient and sustainable businesses, to create more employment opportunities, and to improve their living conditions. A large proportion of our support is provided to smallholder farmers and artisans, to help in working towards a better quality of life, the promotion of economic growth and social development for their communities.

With the current global economic climate, costs have risen quickly, depleting any surplus producers have maintained. Through investment from our members, and the support of donors and partners, we are able to support fair trade businesses and their surrounding communities throughout these difficult times.

Our internal Monitoring and Evaluation Committee works to develop a methodology and appropriate tools to observe and track the impact of our lending, and the support we offer to businesses across the globe. In addition, through various data collection methods, we aim to demonstrate the effect of our financial support. These include a Customer Social Impact survey, interviews, focus groups (including Producer Committee meetings) and case studies to collect our impact data. Throughout our reporting, we recognise that there are also many external factors, which contribute to and affect the businesses we work with.

- As part of our consultation process, and to ensure we listen to the collective producer voice, five Producer Committee meetings were held in 2022. Each participant was invited to

provide their views on specific topics, which included their working relationship and experience with Shared Interest, ways to improve our customer service, the successes and challenges faced during the year, the impact of climate change and the benefits of certifications.

- Central America: Individual interviews were held with five customers. The organisations contacted were located in Nicaragua (1), Honduras (1) and Mexico (3) growing coffee and honey.
- South America: One meeting took place virtually on Zoom with seven organisations



from Peru in attendance, representing products such as coffee, cocoa and sphagnum moss.

- East Africa: One meeting took place virtually on Zoom with six organisations from Rwanda (4) and Uganda (2), all producing coffee. A representative of Fairtrade Africa was invited.
- West Africa: Two separate meetings were held within this region.
  - A face-to-face meeting was held in Ivory Coast, with seven cocoa producers. The chosen language for this meeting was French and attendees included representatives from RICE (Fair trade Network of Ivory Coast), Fairtrade Africa and Cargill (Cocoa buyer and trader).
  - The second meeting took place virtually on Zoom and the chosen language was English. Four organisations attended, from Ghana (2), Togo (1) and Burkina Faso (1), producers of dry fruits, soybeans and handcrafts. A representative of Fairtrade Africa, Ghana Office and Aceli Africa joined the meeting.

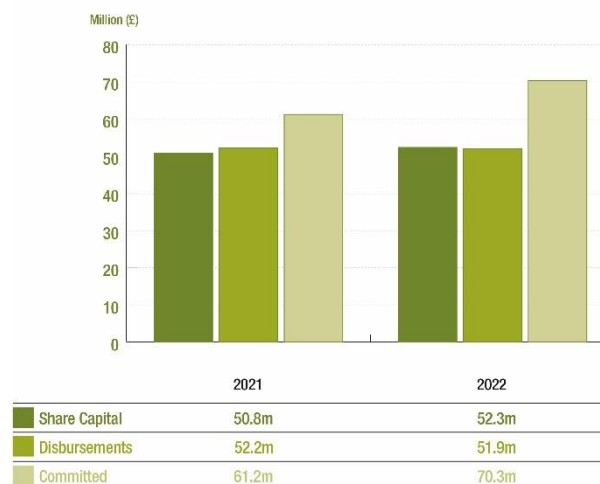
In addition to these meetings, a Customer Social Impact survey was sent to 109 producer groups. The main purpose of the survey is to help monitor our progress towards the outcomes outlined in our Theory of Change and to better understand the impact of our activities and operations. We received a 36% response rate.

## 1. IMPROVING INCOME FOR FARMERS, ARTISANS AND WORKERS

### • Increase in capital available to lend

Share Capital provides the key source of funds for our lending services, and at 30 September 2022, we reached a total of £52.3m. This increase of £1.6m has helped us continue to support farmers and artisans who follow the 10 Principles of Fair Trade.

### Committed lending to all customers in relation to Share Capital



The graph above shows that the committed value of lending is higher than the value of Share Capital held. This is because not all customers borrow at the same time due to the different harvest periods across regions. To mitigate risk further, we have set a limit to ensure that the total committed value is never above 135% of our Share Capital. The committed value represents facilities where funds are ready to be drawn by the customer (short-term lending) and the remaining

balance of Term Loans. This value increased from £61.2m in 2021 to £70.3m this year due to the difference in exchange rates, because if we compare the committed value in currency there has been only a slight variation.

The value of the committed facilities is based on the exchange rate on the 30th September 2022 and, due to the recent devaluation of Sterling against the US Dollar in the latter part of the year, there is a significant increase compared to the same time last year. The committed value of facilities lent in USD decreased from \$18.5m in 2021 to \$18.2m in 2022 while the Euro facilities decreased from €18.5m to €18.2m. The GBP facilities increased from £2m to £2.2m in 2022.

In addition, although the number of customers reduced during the year, several of the accounts closed had a small facility limit and those with larger balance increases were provided for as bad debts. As a result, the total committed value remained similar in currency terms. Despite the reduction in our customer count, there was an increase in the utilisation of our facilities, and we were able to achieve our income targets.

### • Access to fair and affordable finance

With over 30 years of working collaboratively with farmers and artisans, we have developed a deep understanding of the challenges faced by producer groups. We have fostered strong relationships, based on two-way communication and trust, which has enabled us to find the best possible financial solution while considering customers' harvest time, cash flow limitations, etc. By carefully monitoring the market volatility and increasing our visits to customers, we have been able to continue working with organisations struggling to meet their repayments where, in some cases, we extended the lending terms. As a result, some producers were able to see an improvement in their

business trading conditions and restart their repayments to us, and ultimately reduce their outstanding debt.

We agreed to provide additional prefinance for two new coffee containers in 2022 for a coffee co-operative in Peru, which had experienced internal issues in 2021. Once the final payment was received from their buyers, they were then able to put part of the remaining funds towards their outstanding debt. To date, they have been able to repay 50% of this balance and we hope they will be able to clear the remaining balance with future contracts.

We worked closely with a coffee producer located in East Africa who struggled to meet their repayments due to the pandemic and established a new repayment plan in 2022, and since then they have resumed payments.

In another instance, a longstanding customer in Ghana went into arrears in 2020, because their harvest was

significantly affected by the agricultural impact of climate change. The situation was then compounded by container shortages at ports, which delayed their shipments. We were very pleased that trading improved and in July 2022, the customer managed to clear their arrears. The West Africa Lending Team, led by the Head of Lending, later visited this customer in September 2022 to negotiate a renewal of their Export Credit facility.

By the end of the 2020/21 Central America coffee harvest season, one coffee producer in Honduras was unable to deliver a coffee container because they experienced problems in collecting coffee from surrounding communities. This meant that they were unable to repay the full value of the loan but with our support they managed to honour their financed contracts in the next harvest season, enabling them to fully repay their debt in early June 2022.

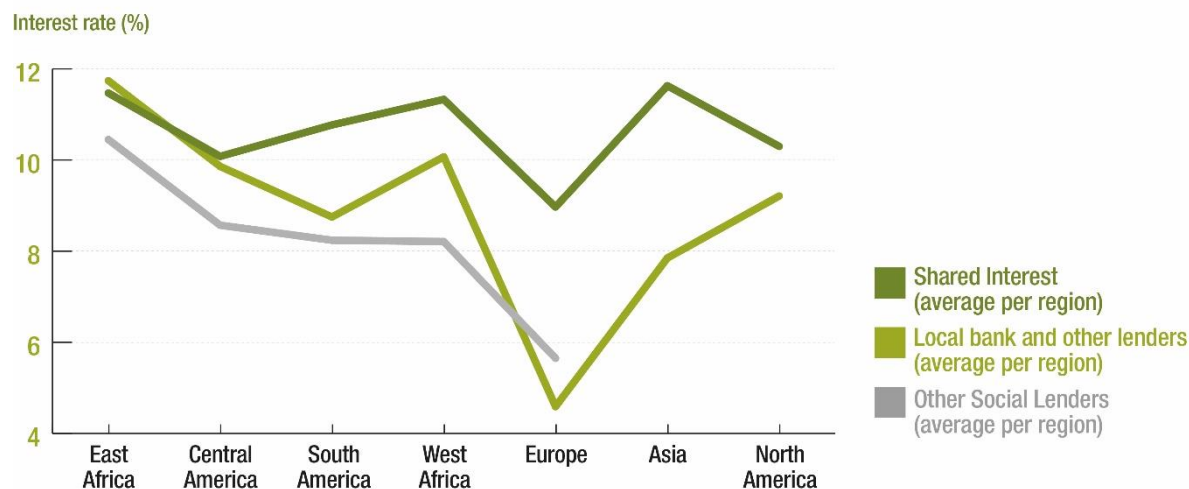
If we compare Shared Interest with other lenders (including local banks), the interest rate we offer in most regions is above average. The exception is East Africa, where Shared Interest is comparable (as seen in the graph below). This is due partly to the fact that, historically, we did not take security against our finance, which infers a greater lending risk. In recent years, we have started to take security in some cases and introduced annual fees, which has allowed us to charge a lower interest rate. In fact, 82.6% of our funds are lent in USD and 16.8% in EUR. Nevertheless, it is also important to note that, as per the latest CSAF report, only 24% of all the organisations who received funds, do so from multiple CSAF members. These are also generally larger sized clients with a lower perceived risk. In most cases however, Shared Interest is the sole lender working with the organisation.

---

*“Although the interest rate is the highest in the market, the process to request for financing money is easy and the transfer are made quickly. We have been working with Shared Interest for two years without any issue and now our activities and operations have doubled.” Tekura (East Africa – Handcraft)*

---

## Average Interest Charged





During this year's Producer Committees, one of the main advantages mentioned across all regions was the speed of disbursements. It was also recognised that Shared Interest is able to accept the additional risk in lending to co-operatives with a limited credit record. They also valued our excellent customer service, our strong relationships with co-operatives, and the flexibility we have shown in working with new buyers.

All participants from the East Africa Producer Committee agreed that they found working with Shared Interest beneficial to their organisation. They felt that Shared Interest understood the coffee cycle and was able to meet their financing needs. They explained that, when farmers are paid on time, they are motivated to increase production and supply more coffee.

The majority of our finance was lent on short-term basis, helping with the purchase of raw materials, also known as inputs, and providing an income to farmers and artisans before the harvest or production of goods. As part of the Customer Social Impact survey (Appendix 9), 67% of producer groups surveyed indicated that their farmers had seen an increase in income levels during the past 12 months (see graph adjacent). Eighty-eight per cent said this was due to an increase in price and 42% said it was because of increased production. Seventeen per cent of the producer groups stated that their farmers' income remained the same. (We must also be mindful that the pandemic may have affected results in previous years.) This situation was also noted in the Fairtrade Poverty and Rural Development Impact Study (Appendix 10) about cocoa producers in Ghana. This study concluded that, although no substantial improvement in net income was noted, product diversification was key to achieving a living income over the longer term.

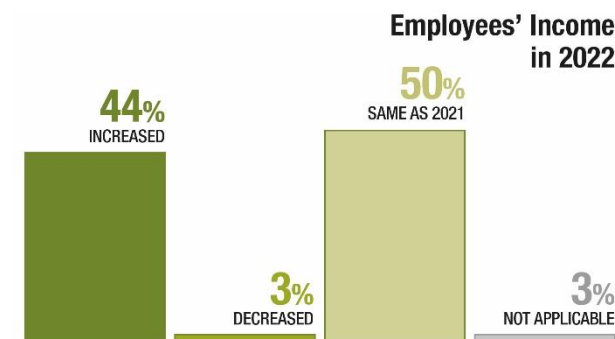
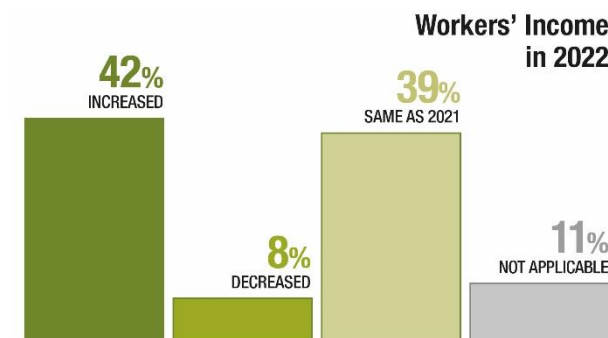
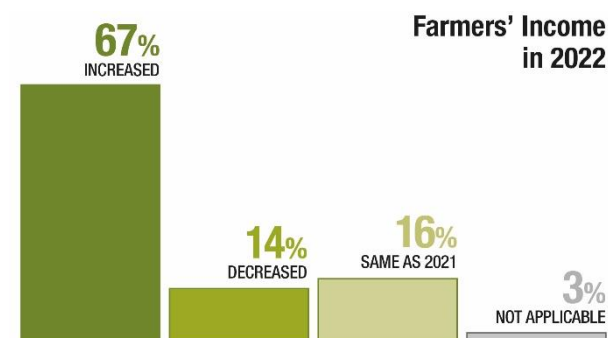
The Customer Social Impact survey also showed that the income of the producer groups' employees remained stable for 50% of the organisations surveyed and, despite market uncertainties and the economic crisis, 44% saw an increase in their income levels (as seen below). Eighty-eight per cent of respondents mentioned that this increase was due to higher prices paid to the farmers.

For the first time in the last two years, the organisations surveyed noted an increase in their workers' income (see graph adjacent). This was due to an increase in available work, after many months of restrictions in 2021 due to the pandemic, as well as an increase in their daily rate or wage.

---

*“Through Shared Interest, farmers are able to receive seedlings to increase production. In addition, household income has improved. As an organisation we did not have assets, the local banks offer high interest rates, so the funds have helped the organisation.” -  
Banyankole Coffee Services.  
(Uganda – Coffee)*

---

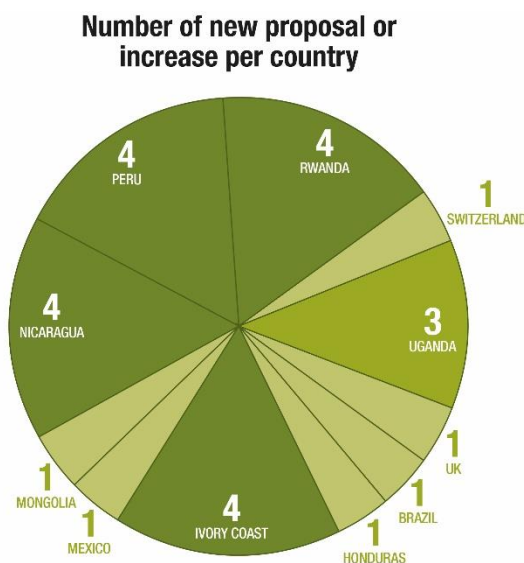


## 2. STRONGER, MORE RESILIENT AND SUSTAINABLE BUSINESSES

### • Progress in tailored lending

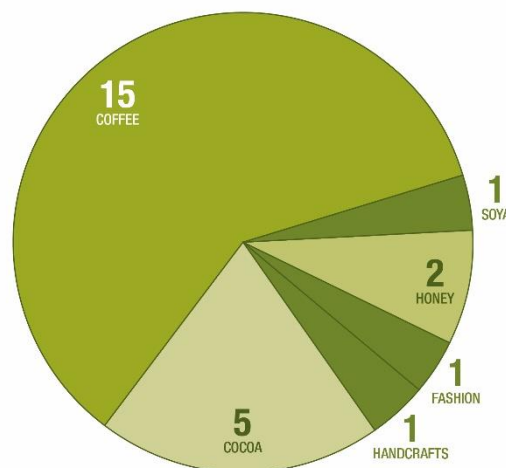
During this financial year, it has been difficult to increase our customer portfolio due to the challenges explained in Part 1. Nevertheless, seven new proposals were approved, along with 18 increases for existing customers, representing a facility value of £5.2m. All lending to new and existing customers was short-term, with the majority being Export Credit.

East Africa saw the highest number of new proposals and increases with a total of seven. The graph below shows the split per country of new business approved during the year.



The majority of new or increased lending was provided to coffee producers (15) of which five were to new organisations (see graph below). From five proposals for cocoa, two were to new organisations. Although the level of new business was much lower this year, we were able to diversify our portfolio by providing two increases to honey producers, one in Peru and one in Mexico. The remaining three lending increases were to existing customers; a soy producer in Brazil, a handcraft producer in Mongolia and a small UK clothing business.

**Number of new proposal or increase per product type**



In South America, we increased the stock facility of a honey customer to support them during a period of delayed repayments from buyers, which put pressure on their cash flow. The pressures on global trade also compounded this, especially container shortages.

In Central America, the increase provided to a coffee co-operative was in response to higher than average sale prices due to increasing international coffee prices along

with a production increase of 18% in 2022. At farm level, production grew following plantation renewal efforts made in previous years. At the processing level, there was a continued expansion of their dry mill facilities. It should be noted that we provide this co-operative with prefinance during the first months of the coffee season in Central America, when the majority of other social lenders would not have completed their facility renewals.

In East Africa, one of the new customers based in Rwanda applied for finance from Shared Interest to manage their growing orders and pay their farmers more promptly. They requested to have both an Export Credit and a Stock Facility and the latter enabled timely purchases of coffee as they waited for contracts to be signed by buyers.

In West Africa, the increase provided to a cocoa producer enabled the organisation to diversify their product offering by expanding into raw cashew nuts and they received an export license from the Cotton and Cashew Council (CCA) to start exporting in 2022. Despite this being their first year of trading the nuts, their main buyer agreed to purchase 1,000 Metric Tonnes (MT) of cashew because of their proven cocoa quality and their positive commercial relationship. The producer is now expecting CCA to approve another 2,000 MT with the same buyer for the next season. Shared Interest was able to support this sales request, enabling them to deliver their volumes, increase future orders, diversify their business income and increase their profitability whilst they are applying for Fairtrade certification for this new product.

## Case Study - Inka Moss

Inka Moss is a social enterprise and certified B-Corp, dedicated to the production and export of sphagnum moss. It was formed in 2010, by Founder Marco Piñatelli and currently operates with 20 employees (50% women) and 562 harvesters.

The organisation works with 38 communities in the Andean highlands to help them earn a living from natural resources. They do this by offering training to rural potato farmers, giving them the opportunity to supplement their income by collecting moss in a way that complements the ecosystem. They purchase the moss at a fair price and sell it internationally for various uses including in horticulture, to add nutrients to soil. Two thirds of Inka Moss harvesters are women and this additional income makes a huge difference to families, who are now earning 27% more per year. As a result, fewer men migrate to the city looking for work and women are able to earn their own money alongside caring for their livestock.



*Inka Moss harvester holding sphagnum moss*

The moss grows at high altitudes, all year round, and is collected by the local communities living amidst challenging climatic conditions. Traditionally, people in the region would burn the moss in order to clear the area for planting traditional crops such as potatoes. This practice not only deprived them of an additional and more profitable source of income, it also degraded the soil, destroying its natural nutrients and making it infertile after two or three harvests. The moss is a protected natural resource in Peru and cannot be harvested without permission from the regional government. With the help of social enterprises such as Inka Moss, communities are now learning that the spongy vegetation can earn them an income provided it can be sustainably harvested.

Dionicio is the Supply Chain Manager at Inka Moss. A native and former President of the Huaychula community, he has been working with Inka Moss since the beginning. Alongside this, he plants and harvests crops - mainly for his family's own consumption. He said: "There have definitely been some big, big changes since I started working as part of Inka Moss. ....Those big changes that were for myself or my children and for my family as a whole have been quite positive, specifically because now my children are able to actually get a proper education, which was not possible in the past, and that is one of the main factors."

---

*"I still remember that there were some houses built with very basic materials. In some cases, they didn't even have doors or windows. But, they didn't have the income to get anything different from that. Nowadays if you go and visit the same houses, they have changed. In some cases, the structures are built with better materials."*

---



*Inka Moss Supply Chain Manager Dionicio Jimenez*

There is no doubt that climate change is having a complex and fundamental impact on the moss harvesters, changing seasons in a region which already experiences erratic weather patterns, causing challenging working conditions. Harvesting during wet weather is more labour intensive, especially when the moss is transported manually. Ideally, the harvesters want the moss to dry naturally as a dry sack weighs around 20kg, but when wet can weigh up to 60kg.

Shared Interest first provided finance to Inka Moss in 2017 when we gave them a stock facility. Marco Piñatelli said: "We approached Shared Interest for finance so that we can pay the farmers for their moss on delivery to our factory. To meet with demand, we also need to acquire larger stock levels and provide buyers with larger size bags depending on their specifications. The loan will also give us the opportunity to include more remote communities within our supply chain."

Since this initial facility, Inka Moss have increased the number of producers they work with from 397 to 562, and the number of direct beneficiaries from 1,985 to 2,810.



Fiorella Anchiraico Montalvo is from the Tambillo region of Peru in the province Huamanga. She began collecting moss eight years ago to earn an income to support her family.

*She said: “The main change I have seen in the community is that the children can now get the proper food that they need to be healthy, and that the community as a whole has an additional source of income to cover the needs we have.”*

Since working with Inka Moss, Fiorella told us: “The moss is something that is helping me economically because it allows me to afford the purchase of food products and also clothing. I no longer struggle to buy the food that my family requires.”



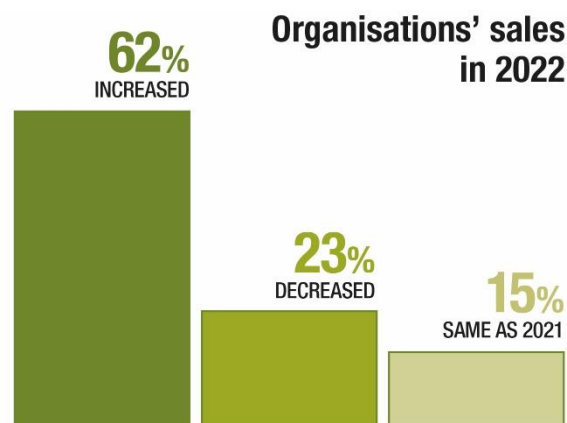
*Inka Moss harvester Fiorella Anchiraico Montalvo.*

Fiorella is currently training to be a nurse and hopes to complete her training and go on to support her community.

- **Increase in trading opportunities**

*“Shared Interest started a relationship with us since 2018. The financing has helped our organisation in carrying out activities. We are able to pay farmers on time through the export credit. The term loan was beneficial to construct a coffee washing station. When you pay farmers in time, you receive more coffee. We have received support from the Shared Interest Foundation to run projects with farmers. We are very grateful for the grant and the financing of coffee business.” - Tropic Coffee (Rwanda - Coffee)*

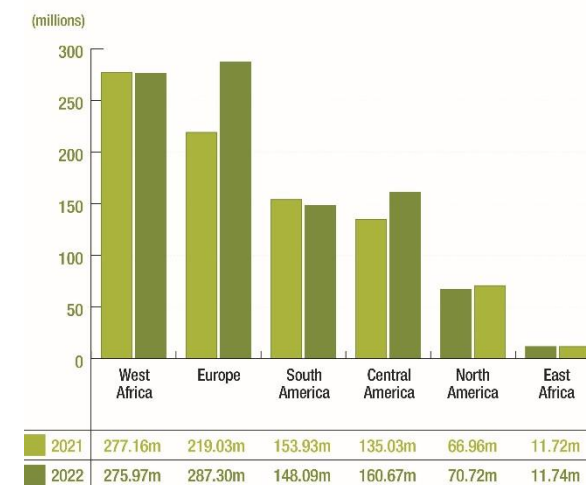
Despite the challenges experienced by producer groups during the year, the Customer Social Impact survey found that 62% of respondents have seen an increase in sales in the last 12 months (see graph below).



The main reasons for this included an increase in price, production and orders due to new buyers, improved product quality and enhanced buyer confidence. It is important to note that due to Covid-19 restrictions in 2021, a limited number of employees and workers were allowed in the premises at the same time, which reduced production volumes. Since most activities were resumed, production reached pre-pandemic levels.

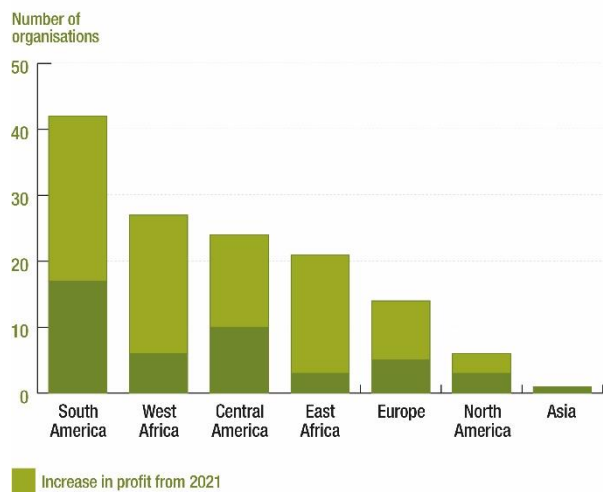
The graph below shows the sales for all customers, including buyer organisations in the Northern Hemisphere and one small producer organisation in Asia. As illustrated, sales levels in all regions remained the same overall, except for Central America and Europe, which both recorded an increase. The main reason behind the increase in Europe was the re-opening of retailers in late 2021, after the pandemic, which allowed many buyers to resume their handcraft sales.

#### Customer Sales per Region



Based on our annual review data, we estimate that collectively, these businesses earned £954m. This is an increase from last year's total of £863m. Furthermore, 135 customers (73%) made a profit this year. Of these organisations, 91 saw an increase in their profits compared to the previous year, with an equal spread between Africa and Latin America as shown in the graph below.

Customer Profitability per Region



The Smallholder and Agri-SME Finance and Investment Network (SAFIN), has identified that as well as climate change, the pandemic has brought the focus back onto agricultural productivity, moving away from a more holistic view of the global value chain.

**During our Strategic Review process, we said: ‘We will strive to reach more producers, diversifying our lending portfolio by entering new territories and funding a wider range of products. Despite considerable research, unfortunately we have concluded that direct lending in India will not be possible in the near future due to the legal framework in that region.’**

During the Producer Committee meetings, we asked the participants to tell us about their organisation’s achievements during the year and the changes made to their business, which, resulted in improved trading opportunities.

In South America, some producers highlighted how they were working on projects to diversify income streams for their members, through the production of products as an alternative to coffee, giving better margins to ensure economic sustainability. One of the organisations was considering fish farming in addition to agriculture. A cocoa producer reported how they had improved their overall operation, significantly increasing their production volumes over the year.

In East Africa, one coffee producer constructed a new coffee washing station, helping to increase their production. In West Africa, a handcraft producer in Ghana improved their business operations and product range, which enabled them to expand into new markets and increase their orders. In Ivory Coast, one cocoa producer improved their cocoa processing and grading facility. Another cocoa producer doubled their export volumes to 7,000 MT in 2022 and anticipate a further increase to 15,000 MT in 2023. The cocoa co-operative noted that Shared Interest was the only social lender that one of their buyers would work with. This was achieved through good communication and strong business relationships with key partners. We were also

informed that we gave financing opportunities to at least two other producers through the same buyer.

In Central America, a Honduran coffee co-operative continued their investment programme with a new processing infrastructure, boosting their overall production capacity, giving them more operational control and strengthening their relationship with buyers. A Mexican honey trader finished building their new production plant, increasing their capacity and ability to acquire honey from more small-scale beekeepers. The organisation received support from international buyers in the form of training on honey processing. A Nicaraguan coffee association continued increasing their coffee production by increasing their mill production capacity, which ultimately improved their quality. In addition, they created a mobile app for their members. The main aim for this was to strengthen their coffee traceability by digitising their supply chain operations, improving their inventory management, and providing the ability to make direct payments to producers through the platform. Ultimately, they hope that this investment will attract new buyers.

*“We have been involved in the innovation of processing our coffee, moving away from just selling dry parchment or washed coffee as most organisations. We process our coffee in different varieties such as; natural and aerobic. We have been able to receive good prices. It is something new in the coffee sector.” - Tropic Coffee*

- **Certifications**

Across all Producer Committees, participants were asked which certifications were working well from an economic and impact perspective (social, environmental, etc.).

In Latin America, producers mentioned that Fairtrade certification required them to be organised and have close communication with farmers. They also felt that it protected them against price volatility (Minimum Price guarantee), which has provided significant support to the co-operatives' stability. The producers mentioned that the Fairtrade Premium helped them support more education, health, and environmental projects as well as fund the renewal of coffee and cocoa plants. In addition to Fairtrade, certifications related to organic farming practices have had a positive effect on both producers and customers' health due to the reduction in chemical use. Producers told us that these certifications are also required to maintain current buyer relationships, to access new market opportunities, and to negotiate better sales prices. They said that, in recent years, Rainforest Alliance has gained strength in the region, and that there is an increased confidence from buyers in this certification as consumers increase their desire to purchase that certification. Putting aside the cost related to managing certifications, the producers agreed that they all encouraged the implementation and monitoring of good practice, which is part of the certification process.

The producers attending the Committees in East and West Africa commented that they had experienced challenges in securing Fairtrade contracts for both cocoa and coffee in recent years. They mentioned that many international buyers were now requesting Rainforest Alliance (RA) or Organic certification rather than Fairtrade due to increased consumer demand. Consequently, some producers who were solely

Fairtrade certified have now also acquired an additional certification to sell their cocoa and/or coffee internationally. They told us that these additional costs have put pressure on cash flow. However, one coffee producer mentioned that they were able to receive a higher price from buyers requesting to purchase both Fairtrade and organic certified coffee. As for the cocoa supply chain, some producers reported that over 70% of their contracts were supplied under Rainforest Alliance certifications during the last 12 months and only 20% of their contracts were sold under Fairtrade.

Please see Appendix 11 for further information from the Producer Committees.

**During our Strategic Review process, we said: 'Coffee and cocoa dominate the Fairtrade system and this is reflected in our lending portfolio. Our team undertook research into other certifications such as Rainforest Alliance but it became clear during consultations that our members see Fairtrade as the gold standard due to the Premium and Minimum Price requirements. After careful consideration, we have taken the decision not to finance potential customers solely certified by Rainforest Alliance at this time, following strong views from members during our consultation process. In addition, as this certification predominately covers coffee and cocoa, broadening our focus in this way would not help us diversify our portfolio.'**



*Cocoa pods on a farm in Ivory Coast.*



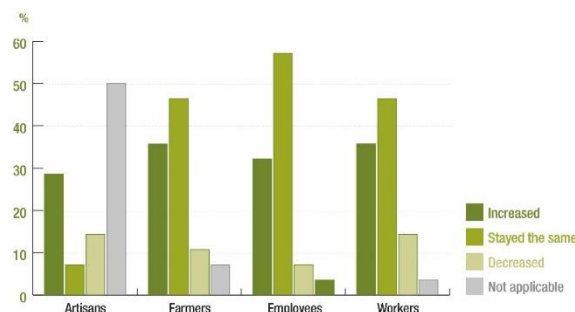
*Producer holds coffee berries on a farm in Uganda.*



### 3. EMPLOYMENT CREATION FOR FARMERS, ARTISANS AND WORKERS

As part of our Customer Social Impact survey, we asked producer groups to indicate if the number of people working in their organisation had changed over the past 12 months. Similar to 2021, the results showed that very few producers had seen a decrease. In fact, the vast majority had either seen an increase or maintained the same number of individuals working throughout different sections of their business (see graph below).

Changes in number of people involved in each organisation

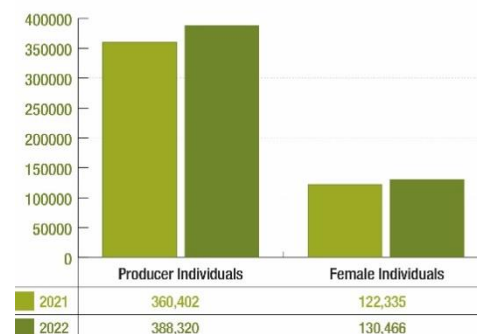


Based on our internal annual review data, the producer groups we finance support 388,320 farmers, artisans and workers (see graph below), an increase from last year due to changes in customer accounts and the type of business. From this year's overall figure, 33% are women.

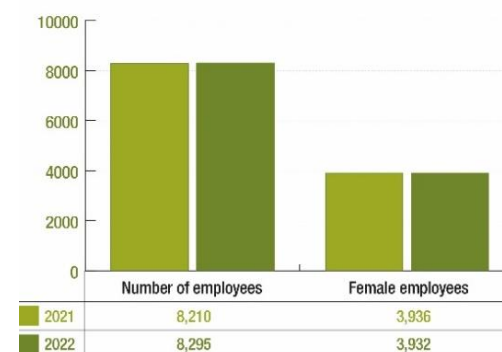
In terms of number of employees across both producer and buyer organisations, there was a slight increase in 2022 compared to 2021; 8,295 employees, of which 3,932 are women. See graph below.

Looking only at the producer groups we finance, they collectively have 7,601 permanent employees (2021: 7,801) of which 46.5% are women. However, this is not

Number of Individuals (farmers, artisans, workers)



Number of Employees for all Customers



spread equally throughout the portfolio, as the percentage of female employees in Latin America is lower compared with Africa. Although there is a higher number of male farmers in the organisations we work with, they are trying to mitigate the gender gap by ensuring the number of female employees represent nearly half of their workforce. In addition, during the producer committee held in Ivory Coast, some organisations mentioned that they supported women's groups through different projects such local processing

of chocolate and honey as part of income diversification initiatives, or supported female farmers to establish and invest in rice cultivation.

During our Strategic Review process, we said: 'Gender equality has an extremely significant part to play in strengthening communities. By supporting women who live in remote and rural regions, we can increase productivity and promote economic growth. Narrowing the gender gap not only helps women prosper, it helps their families and communities thrive. We will therefore continue to support producer organisations that meet our lending criteria and create opportunities for women's empowerment.'

IN 2022



OUT OF THE  
**388,320**  
**FARMERS**  
**241,806**  
ARE LOCATED IN  
EAST AFRICA,  
OF WHICH  
**95,349**  
ARE WOMEN



OUT OF THE  
**7,601**  
**PERMANENT**  
**EMPLOYEES**  
**5,123**  
ARE LOCATED IN  
AFRICA, WITH  
**52%**  
WOMEN

Our charity, Shared Interest Foundation, also supports the creation of employment opportunities in communities, working with in-country partners and groups to establish income-generating enterprises and support co-operatives to increase their business resilience and sustainability.

- **Training and mentoring**

Through working with in-country partners, Shared Interest Foundation continued to provide specialised business training to producer organisations and community groups across Africa and Latin America.

Key achievements:

- 50 coffee farmers in Rwanda received training in agri-business management skills
- 50 women in rural Burkina Faso received training in agro-processing techniques, entrepreneurship and agri-business management
- 1,040 coffee farmers in Uganda and Rwanda received training in organic compost production
- 1,125 sphagnum moss harvesters in the Andean highlands received training in sustainable moss harvesting techniques
- **Increase in entrepreneurial and business skills**

This year, we implemented 12 projects, which supported smallholder producers to increase their entrepreneurial and business skills:

#### **Project 1: Improving Organic Coffee Production in Peru**

**SDGs:** Decent Work and Economic Growth (8), Climate Action (13), Partnerships for the Goals (17)

Launched in March 2021, this project supported coffee co-operative CECAFE, based in the Amazonas region of northern Peru, to implement eco-friendly methods for managing the coffee borer beetle, which had increased in prevalence due to the impact of climate change. The project also supported CECAFE to establish their own infrastructure for the production of organic compost.



*Coffee producer spraying their farm with Beauveria Bassiana mix.*

Beauveria Bassiana fungus is found naturally in the environment. When managed correctly it can be an effective alternative to chemical pesticide and provide protection to coffee trees against the coffee borer beetle. The fungus coats the coffee berries with a protective seal.

In total, 187 kg of fungus was produced, exceeding the target of 180kg set at the start of the project. This fungus was distributed to 145 farmers and applied to 124 hectares of farmland.

So that CECAFE could increase their organic coffee production, we supported them to establish infrastructure to produce organic fertiliser (compost).

A production site was constructed on land owned by CECAFE and in an area accessible by the producers. The compost was produced using local materials including cow manure, rice husks and coffee pulp. A natural enzyme was added to support decomposition and rocks and minerals provided a natural source of phosphorus, potassium and zinc. CECAFE consulted a local university, National University Toribio Rodríguez de Mendoza, who verified the high quality of the compost.

The compost was sold in 50kg bags to the farmers at the low cost of 10 USD per bag. Farmers also had the option to purchase with cash or via CECAFE's credit scheme (in interest-free instalments) and the cost is deducted from their coffee sales. When this project began in February 2021, producers could purchase commercial compost for 20 USD per 50kg bag. Over the past 12 months, the cost had almost trebled. CECAFE General Manager José Elmer Sánchez told us that without this compost scheme the majority of farmers would not be able to afford organic fertiliser. This would



*Organic compost is packaged in sacks before distribution to farmers.*

significantly impact upon their coffee production, sales and income.

CECAFE is already reinvesting the income from the sale of compost to establish a second production site so that more farmers can benefit.

Throughout this project, 247 tonnes of compost was produced and 4,941 50kg bags were sold to 386 farmers and applied to 494 hectares of land.

Data collected from producers told us that;

- The 85 farmers surveyed told us the compost reduced their cost of production by an average

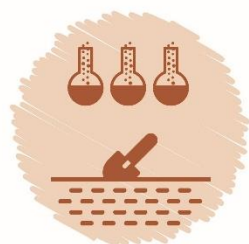
of 27%. On average, each farmer purchased 25 bags.

- Before the project, only 12% of farmers reported being able to purchase organic compost. After the project, 100% of survey respondents rated their access to organic fertiliser as high.
- One hundred per cent of farmers told us they are confident or very confident that the use of organic compost will increase their coffee yield and production.
- Ninety-four per cent of farmers told us that before the project they did not implement any mechanism to control the beetle. Six per cent

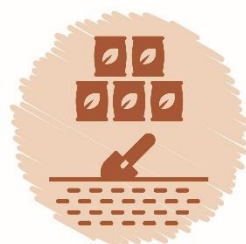
used a traditional 'scraping' technique to push the pests off the plants.

- Ninety-seven per cent of the farmers surveyed told us they are confident that use of the fungus will reduce the impact of the coffee borer beetle on their farm.
- One hundred per cent of the farmers surveyed felt that the use of fungus will increase their coffee production.
- Before the project, 42% of farmers rated their access to *Beauveria Bassiana* as low or very low. Now 80% rate their access as high or very high.

## Improving Organic Coffee Production in Peru



**187KG**  
**Beauveria Bassiana**  
**fungus produced**  
distributed to  
**145 farmers**, applied  
to **123.6 hectares**  
of farmland



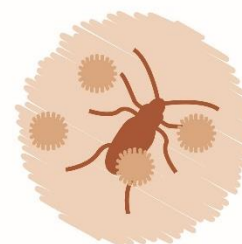
**247TONNES**  
**compost produced,**  
4,941 bags sold to  
**386 farmers**, applied  
to **494 hectares**  
of land



Access to the compost  
reduced cost of  
production for farmers  
by an average of  
**27%**



Farmers able to  
access organic fertiliser  
increased from  
12% surveyed to  
**100%**



**97% of**  
**FARMERS**  
surveyed are confident  
the use of *Beauveria*  
*Bassiana* will reduce the  
impact of the borer  
beetle on their farm



**100% of**  
**FARMERS**  
surveyed are confident  
the application of  
*Beauveria Bassiana* will  
increase their coffee  
production



## Project 2: Growing Fairer Futures: Rwanda

**SDGs:** No Poverty (1), Decent Work and Economic Growth (8), Climate Action (13), Partnerships for the Goals (17)

In February 2021, we launched the Growing Fairer Futures project in partnership with Kopakama, a coffee co-operative based in the Western province of Rwanda. This two-year project is supporting 50 young farmers to establish a sustainable coffee farm. Each farmer was provided with tools and equipment and training in Good Agricultural Practices (GAP), Climate Smart Agriculture (CSA), and Agri-business skills. Six nurseries were established and planted with a total of 70,000 coffee seedlings at various sites across the co-operative to increase access to the young farmers. These seedlings were distributed to the farmers in October 2021. A further 30,000 seedlings were retained for planting in the 2022 season.



Growing Fairer Futures project participants.

To support Kopakama to provide additional training to the young farmers, two demonstration plots were established in central locations. The young farmers worked together to prepare and plant this land with coffee seedlings and shade trees. For additional income, one plot was also planted with soybeans and they harvested 460kg of beans in July. The co-operative has taken the decision to store the beans until the price on the local market increases. Once sold, the profit will be split between the farmers.

**Raphaël Niyonsenga** is the President of the 'Kopakama Vision Group' of young farmers. He started farming coffee in 2020 and became a member of Kopakama co-operative in 2021, when he also joined our Growing Fairer Futures project. Prior to this, he produced and sold vegetables on a small plot of land he received from his grandfather, whilst he saved to purchase his first coffee farm. He currently has 230 coffee trees on his farm, 145 of which were provided to him as part of this project.

---

*“Before this project I only had a little knowledge in farming techniques and my crops were not growing well. The knowledge I learnt through the training will help me to get good production and have a good life. We have seen we can plant some shade trees for protection against the sun and have learnt techniques for soil erosion control.”*

---

Raphaël is expecting his first coffee harvest in 2023 and is hoping to earn 600,000 RWF (£492) from it.

---

*“I am confident my coffee farm will be a success. I already notice changes in my trees when compared with my old trees”.*

---

As part of this project, the group of young farmers have also set up a savings group and the farmers are encouraged to save a small amount each month. They can then use these funds to support them to purchase inputs like manure.



Raphaël Niyonsenga stands on one of the new demonstration plots.

### Project 3: Growing Fairer Futures: Ivory Coast

**SDGs:** No Poverty (1), Decent Work and Economic Growth (8), Climate Action (13), Partnerships for the Goals (17)

Launched in December 2020, this five-year project is supporting 50 young people (20% female) living in the communities close to cocoa co-operative, Co-operative Agricole de Yakasse Attobrou (CAYAT). Participants will establish their own cocoa farms to generate a sustainable source of income, enabling them to meet their needs whilst contributing to the sustainability of cocoa production in the region. This year, each farmer was provided with 750 cocoa trees and a selection of farming tools. They also received training in GAP, CSA and Agri-business skills.



*Distribution of tools and farming equipment.*

Over the past 12 months, the farmers have been conducting farm maintenance activities to support the growth of their cocoa trees. These activities include weeding, pruning and the application of fertiliser as required. The farmers are being closely supported by

Extension Officers from CAYAT to implement these activities.

In December 2021, at the end of the first year, we conducted an evaluation. This provided data for measuring progress against the baseline results.

- At the start of the project, 88% of the 50 farmers surveyed rated their knowledge of disease and pest control as low or very low. By the end of the first year, 62% rated their knowledge as high or very high.
- At the start of the project, 94% of farmers rated their knowledge of soil management as low or very low. After receiving training in GAP, this changed to 70% rating their knowledge as high or very high.
- At the start of the project, 59% of farmers rated their understanding of CSA as average or above compared to 100% at the end of the project
- 76% of farmers now feel confident to make business decisions compared with only 31% at the start of the project



*Cocoa seedlings growing in nursery.*

As part of the data collection process, the evaluator visited each cocoa farm to assess the implementation of good farming practices and the growth of the cocoa trees. Following these visits, he reported that tree growth was progressing on 33 out of the 50 farms and on the remaining 17 farms; it was above average with the trees growing extremely well. The farmers are continuing with regular maintenance activities to support this growth and their first harvest is expected in 2024.

**Anita Akaffou** lives in the village of Becedi Brignan with her children. Before joining this project, Anita had no source of income and relied on her husband to provide for the household. Anita's father is a cocoa farmer and she was aware of the income this provided when she was a child, saying "It is with cocoa money that he ensured our schooling, health care and others."

Although Anita was interested in cocoa farming, she did not have money to start her own cocoa business. The workshops and provision of tools and planting inputs enabled Anita to establish her farm and she received two hectares of land from her father.

*"I think that with an application of everything we learned during the trainings thanks to this project the cultivation of cocoa will be a source of income."*

*Over the next five years, Anita hopes to expand her farm by a further three hectares. She also plans to continue planting fruit trees on her farm as "Trees protect cocoa trees, enrich the soil and also fight against climate change."*



#### Project 4: Increasing the Resilience of Coffee Farming Households in Rural Uganda

**SDGs:** No Poverty (1), Decent Work and Economic Growth (8), Climate Action (13), Partnerships for the Goals (17)

This two-year project started in April 2021 and is supporting 365 coffee farmers (40% women) in rural Uganda to increase their household resilience by growing passion fruit, which will generate a second source of income. We will work in partnership with Bukonzo Organic Coffee Co-operative (BOCU, also referred to by farmers as 'Bukonzo'), to develop their farming methods, increase their business management capacity, and improve the support they provide to their members.



*Producers working together to build a compost basket.*

Each farmer received a selection of tools, as well as 50 passion fruit seedlings to plant on their coffee farm before being trained in passion fruit management and harvesting techniques. The fruit harvest started in mid-July and continues to mid-October. Initial reports

from BOCU stated that the first harvest was strong and the co-operative has secured two buyers for the fruit.

They told us that farmers work in formalised groups. Each group has an elected leader, who records the production volume and sales records of individual farmers.

---

*“Passion fruit project as an alternative income generating enterprise meant to serve farmers between coffee harvests. Farmers shall be able to wait until the coffee is harvested when it is red ripe and supplied in large quantities. This will contribute to these farmers being loyal to Bukonzo. It will also let the coffee cup score sit highly at 85 and above.” Douglas Maate, Project Co-ordinator*

---

(Coffee cupping is a coffee tasting and scoring methodology. Coffee with a score over 80 is classified as speciality coffee).

---

*“Passion fruits is a highly nutritional and medicinal crop. With the extra income I will be able to support my family and farmers will be able to pay children’s school fees.” Anonymous project participant*

---

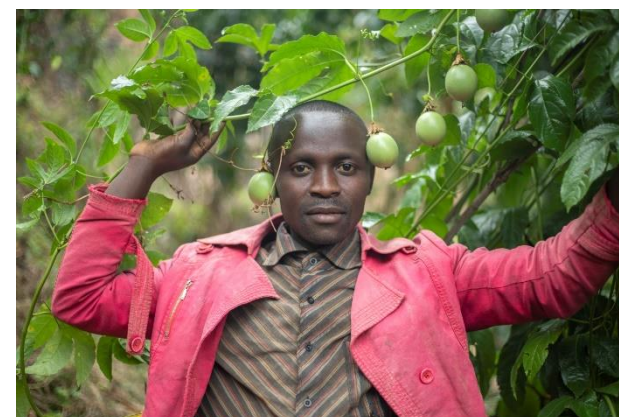
To support the farmers to improve their coffee production, training was provided in GAP and CSA. Following the training in GAP, 92% of the 365 farmers surveyed stated that their understanding of good farming techniques had significantly improved.

In partnership with local organisation, Rural Family Care, the farmers were also trained in the production of organic fertiliser using locally available materials, which

support the production of coffee and passion fruit plants. The farmers were also taught to produce organic compost using a technique called basket composting.

This process involves weaving baskets using vines and sticks, and filling them with soft grasses, dry grasses, animal manure, wood ash and water. These baskets are placed deep under the soil, near the coffee trees. After 14 days, the materials decompose to produce compost. Due to the positioning of the baskets underground, the roots of the coffee trees locate the baskets and access the compost. Keeping the compost contained in this way, protects it from being damaged by chickens and other animals.

The farmers are now working in small groups of 20 to continue the production of organic compost. The second year of this project focuses on supporting BOCU to meet the evolving needs of their members. We will also provide training in business and savings management.



*Joel Njike Bwambale, BOCU coffee and passion fruit farmer.*



### Project 5: Increasing Economic Opportunities for Women through Soilless Farming

**SDGs:** No Poverty (1), Gender Equality (5), Industry, Innovation and Infrastructure (9), Climate Action (13), Partnerships for the Goals (17)

In February 2021, we launched an innovative project in Northern Ghana, supporting female basket weavers to diversify their income through the production of vegetables using a soilless farming technique.

Working in partnership with a local organisation, TradeAID Integrated, this project has supported the refurbishment of a warehouse where the vegetables are washed and stored and helped establish six vegetable farms. Sixty basket weavers have been trained in rural entrepreneurship and soilless farming techniques. To increase TradeAID Integrated's technical capacity in this new farming method, we also collaborated with the University of Ghana Crop Science Department. Professors from the University provided practical training to employees from TradeAID Integrated and will provide ongoing mentoring and field visits.

We also secured funding to implement drip irrigation systems across each farm, supplying a timely and accurate volume of water directly to the vegetable plant roots. This activity began in September 2022, helping to maintain year-round production and achieve a more reliable food supply.

---

*“I feel great being part of the project because am learning new ways of vegetables cultivation. Also, I feel positive that the revenue I will get from the proceeds of the vegetable produce will help me take care of my children feeding, basic health needs and payment of their school fees.”*  
*Apalawanya Akolpogbila, project participant*

---

### Project 6: Building Sustainable Livelihoods for Women in rural Nicaragua through Organic Sesame Farming

**SDGs:** No Poverty (1), Gender Equality (5), Decent Work and Economic Growth (8), Partnerships for the Goals (17)

In the communities surrounding the Coproexnic sesame co-operative in rural Nicaragua, many women rely on an average income of just over £50 per month from the sale of chickens and eggs. They subsequently struggle to meet the basic needs of their household. Working in partnership with Coproexnic, we supported 40 local women to grow organic sesame and achieve a sustainable source of income. Training in GAP was delivered by a representative from the Agricultural Protection and Health Institute and practical demonstrations in organic fertiliser production were delivered by a consultant from the Food Safety Office.

---

*“One barrier is the knowledge of organic cultivation, actually we only ‘hear’ about organic planting in the co-operative. In my case, my husband has knowledge about organic planting, but I do not. However, with help I will attend training/workshops that are available for women regarding the organic cultivation of sesame seeds.”* Anonymous project participant

---

In December 2021, following a comprehensive inspection process, the women's land was certified organic by Mayacert, an organic certification organisation. This certification enabled the women to sell their sesame on the organic market for an increased price.

The group had their first sesame harvest in January 2022. In total, 16.7 tonnes of sesame was harvested with a value of over 24,000 USD.

---

*“Before we didn't have it [sesame farm] and now I have it and that's a big advantage, I am a businesswoman with my sesame. Before the women here couldn't even grab a machete, and now I am able to. I feel proud and satisfied because us women were remembered.”* Zaida Benita Niño Sotelo, project participant.

---



Project participant Apalawanya Akolpogbila stands with lettuce grown on the group farm.

### New projects:

In April, we launched three new projects across Africa and Latin America.

In partnership with coffee co-operative Tropic Coffee, we are supporting 625 farmers in Rwanda to increase their climate resilience and strengthen their coffee farming business. Training has been delivered in CSA and organic fertiliser production and nursery beds have been planted with 40,000 coffee seedlings and 41,500 fruit and shade trees, which will be planted on the farms to increase soil stability and reduce erosion.

**SDGs:** No Poverty (1), Decent Work and Economic Growth (8), Climate Action (13), Partnerships for the Goals (17)

Working in partnership with Inka Moss, we are supporting potato farmers in Peru to earn an income from sphagnum moss. Five communities with 1,125 moss harvesters received tools and equipment, followed by training in sustainable moss harvesting techniques. Winches were installed to transport the moss sacks across the valleys to the villages, when previously they would have been carried on the back of the harvester. Next year, training will be delivered in environmental awareness and conservation.

**SDGs:** No Poverty (1), Decent Work and Economic Growth (8), Climate Action (13), Partnerships for the Goals (17)

In Burkina Faso, we are continuing to work in partnership with the National Fair Trade Platform of Burkina Faso (PNCE-B) to support producer groups and communities. This project is supporting 40 female shea nut collectors to increase their income through agro-processing. Following training in shea soap and butter production, the women were provided with production kits. With support from local shea co-operative

COPRONOS, they are producing soap and butter to sell on the local and international market. A further ten women received training in processing néré beans into soubala, a popular local spice.

The néré beans, popularly known as African locust bean, belong to the plant family Mimosaceae of the Leguminosae. The néré beans are used for seasoning in cooking soups and stews. They are first boiled and then fermented before use. Local research has shown that locust beans help to promote good sight and drive away hypertension, the instance of strokes and even diabetes. They also contain tannins, astringent substances found in many plants.

**SDGs:** Decent Work and Economic Growth (8), Partnerships for the Goals (17)

In addition to the drip irrigation project mentioned previously, we launched two new projects in Burkina Faso in September. Both projects are working in partnership with PNCE-B and GAFREH, a women-led community organisation based in the city of Bobo-Dioulasso, who provide support to over 6,000 women through enterprise development and the creation of employment opportunities. The projects are focused on the production of organic vegetables grown using the soilless technique in their semi-urban environment and focus on commercial and domestic production.

**SDGs:** No Poverty (1), Gender Equality (5), Decent Work and Economic Growth (8), Industry, Innovation and Infrastructure (9), Climate Action (13), Partnerships for the Goals (17)

We look forward to reporting fully on the impact of these projects in next years' Social Accounts.

## Environmental Impact



**80,000**  
trees planted  
and 81,500 seedlings  
prepared in nurseries  
including coffee,  
avocado and papaya



**1,040 FARMERS**  
(275 WOMEN)  
trained in  
Climate Smart  
Agriculture techniques



**1,100 FARMERS**  
(335 WOMEN)  
trained in  
Organic Fertiliser  
Production

## Case study: Update on our Bees for Business projects in Burkina Faso

### DAKORO

In 2018, we launched our first Bees for Business project in the community of Dakoro, southern Burkina Faso, supporting 50 women to establish their own beekeeping enterprise. Following its success, we secured additional funding in 2020, and have since supported the group to diversify into organic sesame production as a further source of income.

Four years on from the start of this project, the group have gone from strength to strength. Their honey production has increased from 420 litres in 2019 to 6,000 litres in 2022 and, this year, the group made sales of over £6k. With this income, they built a second honey processing and storage facility last year, enabling them to manage their increase in production effectively. So that they can travel to work and around their local community, 40 of the women have purchased bicycles. Over the next year, the group has plans to finance the extension of electricity to their community and build a school.

---

*Siata Ouattara, Benkadi de Dakoro Chairperson said: “We are now able to provide meals for our members during meetings. The project has built cohesion and team spirit among us. We work together towards our wellbeing”.*

*Abibata Uttara Project participant, said: “The project enabled us to open an account and since 2019, we stopped borrowing from micro-finance companies to finance our farming activities. The group used to borrow at high interest rate every*

*year for farming but now we rely on our own funds, thanks to the beekeeping business.”*

---



*Alimatou Ouattara holding melted and ground wax.*



*Raw wax in a seal (residue obtained after pressing honey) it is this product that they melt to obtain the wax.*

### SIDERADOUGOU

Following the success of our first Bees for Business project, we secured a grant to replicate this project in the neighbouring community of Sideradougou, supporting 75 women in 2020. Following their first honey harvest, the group's production increased by 85% over the year and they earned the equivalent of over £6,600 from the sale of honey and wax. With this income, the group plans to open an early childhood education centre and install a borehole to provide clean water to their community.

---

*“Before this beekeeping project, I had no income generating activity. I used to round the community to wash people's clothes for a small income to feed my children. I am a single mother, and it was hard for me to provide for my children. They sometimes go to school without eating anything. Thanks to this project I can now provide adequate food for my household and take care of their school needs.” Project participant Francoise Bobo Bagre.*

---



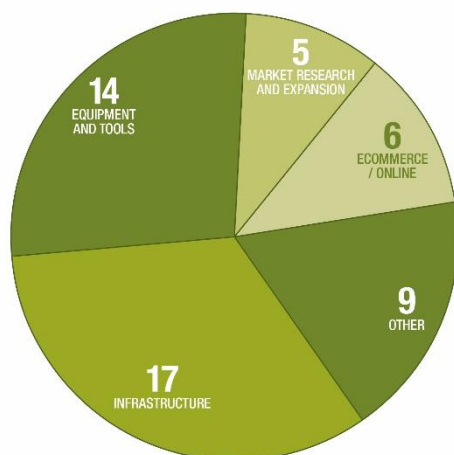
*Kamissa Diarra President of the Association Action Solidarité de Sideradougou.*



#### 4. IMPROVEMENT IN THE LIVELIHOOD OF PEOPLE AS THEY TRADE THEIR WAY OUT OF POVERTY

As part of the Customer Social Impact survey, producer groups were asked whether they carried out any organisational development projects over the past 12 months and 90% responded yes. These projects were in the areas of infrastructure, equipment and tools, market research and expansion, as well as e-commerce. The category other includes projects such as plantation renewal, quality inputs and agroforestry as seen in the graph below.

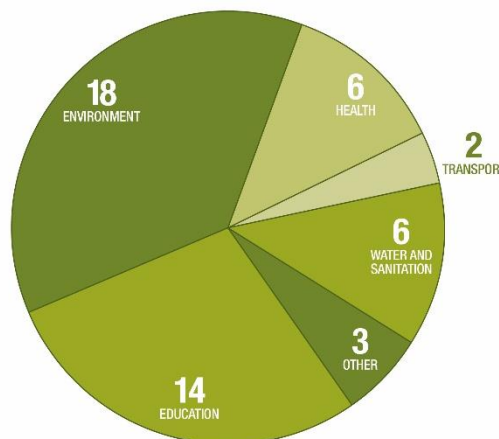
**Types of Organisational Projects**



In addition to organisational projects, we also asked producers if their organisation was involved with any development projects in the community in the last 12 months and 68% said they were. Most of these projects concentrated on environment and education. (See graph below) When we asked why some organisations could

not provide projects, the main reason was due to a lack of funds.

**Types of Development Projects**



One of our largest producer groups based in Ivory Coast said they had undertaken the following activities in order to assist their employees and farmers.

- Collaborating with reNature (<https://www.renature.co/>) to introduce regenerative agroforestry practices at scale to combat climate change impact
- Providing loans to member co-operatives to ensure effective produce mobilisation
- Providing farm equipment such as machetes and sacks to its members
- Providing training in agricultural techniques for quality control in harvesting, shelling, fermenting, drying, packing and storage
- Providing social support to members such as: construction of a school, assisting members

with healthcare costs and providing hospital transport for seriously ill patients

In the survey sent to producers, we also asked open questions to help us understand the challenges experienced by artisans/farmers/employees/workers in the last 12 months and the actions they had taken to mitigate these challenges. The most common challenges faced were linked to climate change, increased cost of living and the rise in the cost of raw materials, inputs and fertilisers, which all affect production. Many respondents mentioned that these challenges were ongoing but by providing some training and more frequent visits to the farms, they are reducing the impact of some of these challenges. Training to farmers included the preparation of composting and planting crops and the use of machinery for weed control. Some other support has included reforestation projects and water management.

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 on fair terms. The fair trade producers we support say that we have helped transform their communities. Each year, we explore this wider impact of our lending by carrying out a selection of longitudinal case studies (Appendix 12 and 13).

The research process involves surveys, interviews, and group discussions to gather data, and the review of all available documentation, including financial reports, annual reviews, funding proposals and visit reports. We also speak to producers, workers, and community members where the co-operative is located, to hear their stories and gain a more holistic picture of the impact of our work.

## Case Study – KOAKAKA

In the southern province of Rwanda, three coffee associations in the Karama, Kinyamakara and Rukondo communities came together in 1999 with the purpose of strengthening their position in the local coffee sector and increasing their access to international markets. This union was later formalised in 2002 and named KOAKAKA (Koperative y' abahinzi ba Kawa Karaba, meaning 'Co-operative of Coffee Growers of Karaba'). Their coffee is grown on the edge of the Nyungwe rainforest, a protected natural reserve that is also known as the 'green lung' of the region.

Starting with 867 farmers, the co-operative now has 1,316 members (297 women) and each farmer must have a minimum of 300 trees. Almost all members are small-scale farmers, each owning approximately a quarter of a hectare of land where they grow on average 400 coffee trees, together with other crops such as bananas, corn and beans. These crops provide food for the household and any surplus is sold on the local market for additional income.

Rwanda is a landlocked country, which can cause import and export challenges. Access to finance is limited, with most commercial banks perceiving the agriculture sector as particularly risky, particularly farming on a small scale.

Shared Interest was the first international finance provider to support KOAKAKA in 2013 with a Commercial Order Export Credit (COEC) facility of USD 200k in order to prefinance their coffee harvest. Before securing this facility, KOAKAKA faced challenges in paying farmers for their coffee each season. They relied on their local bank, but the funds often arrived late, leaving the co-operative unable to pay for the entire harvest. The facility enabled KOAKAKA to begin purchasing all of the coffee from their members,

increasing their production volume as well as member loyalty.

In 2014, Shared Interest provided KOAKAKA with a Term Loan of USD 27k to purchase a truck, which reduced their production costs, as they previously had to hire vehicles to transport their coffee between the two washing stations.



*The truck financed by Shared Interest*

*KOAKAKA General Manager Safari Bonaventure said: “We have farmers located long distance away from coffee washing stations. We help farmers to bring cherries using the truck. And the work of truck is to increase the quality because after harvesting we process the coffee cherries.*

*“The truck is also to help farmers if they have a problem for example if they attend a funeral, the truck is used to set up the ceremony, or if*

*employees are getting married the truck is used in the ceremony for transportation.”*

In 2016, the Rwandan government implemented a 'zoning policy' in the coffee sector. The scheme run by The National Agriculture Exports Development Board (NAEB), aimed to better organise the industry, improve quality and traceability of coffee, and cut out intermediaries. The strategy called upon coffee washing



*Safari Bonaventure, KOAKAKA General Manager since 2011.*



stations and factories to extend their support to farmers in their respective geographical areas. Production dropped significantly at this time and prompted KOAKAKA to construct their third coffee washing station in Gaseke.

That same year, the co-operative used their Fairtrade Premium to connect 12 families near the Karambi washing station to electricity. Coffee farmer Marcel



*KOAKAKA coffee producer Marcel Myasiro selecting coffee beans during the quality control process.*

Myasiro said: “Since we got power, we were able to sort coffee beans better and supply them to the market. When we get time in the evening, we switch on the light and sort the coffee. There are even people who supply coffee at the plant, get money and are able to buy everything they need, and the village where the plant is located gets developed.”

A proportion of the Premium was also used to install a water tank for the ‘Women in Coffee’ group. This enabled their crop to be washed separately to the other coffee cherries, improving traceability.

There is a higher proportion of female coffee producers in Rwanda compared with other coffee-growing countries. This is a direct impact of the genocide in 1994, in which more men than women were tragically killed. This accelerated a change in law that enabled women to inherit land, gain education and take leadership roles. Women’s development is a priority at KOAKAKA and the ‘Women in Coffee’ project is the most prominent.

Marie Claire was invited to join this initiative in 2015. She explains her motivation to be part of it: “Although we owned coffee farms, we didn’t have much say on them. But when the project of coffee for women came, as women, we were encouraged to have access to and ownership of our farms. That encouraged us to put in more effort knowing the fields were ours.”

Since joining KOAKAKA, Marie Claire has increased the number of trees on her farm to 720, and over half of these are organic. She told us how the increased income has made a difference: “Changes are here, resulting from the co-operative and resulting from the women’s group. We learn to plant agroforestry trees that add more shades to the coffee fields, and we learn proper mulching techniques, and proper techniques to apply manure and mulch them. We have agronomists who visit us and who show us what to do in coffee fields.

“Other changes, I own a cow and I got it from coffee farming, I also own a house, it was in pretty bad shape but I was able to modestly renovate it thanks to coffee farming. Coffee farming has led me to good achievements. I never lack insurance for my children, for the family. And my children can’t lack food as a result of working on the coffee farm. So, there is change.”



*KOAKAKA coffee producer Marie Claire Munganyinka selecting coffee beans during the quality control process.*



- **Impact of climate change on producer's organisations and the lives of members**

As explained by Fairtrade International (Fairtrade Rural Development Study at a Glance – Appendix 10), climate change is causing an increase in plant disease and pests, as well as extreme weather events that destroy crops. To have a better understanding of this impact on our customers, we asked the participants of the Producer Committees to share their experience and the adaptations they have introduced.

In Central America, it was noticed that the honey harvest season has now shortened from six months in December to May to two months in April to May. In addition, the number of honey harvests have decreased from four times to two a year, reducing total production. Prompt finance and close communication with beekeepers, helping them to plan through training on good practice, has been key to manage these challenges.

The changes in climate across Central America, which have led to a longer dry spells or heavier rainy seasons, have impacted the coffee harvesting times, which also vary across the region. Harvest cycles were historically more predictable but changes in temperature have affected planning and export scheduling. Additionally, the drought has reduced the weight of coffee berries, causing lower yields. Close communication between producers and buyers has been key to manage these challenges as contracts are signed at the latest possible moment to ensure they can fulfil the order. Training on the coffee renovation program and on best practices are also provided to co-operative members to help address the current situation.

In South America, the changing weather patterns are also affecting the yield and quality of coffee as well as the duration of the coffee harvest, reducing it from 4-5 to 3-4 months. Producers mentioned that climate change

has brought the fast propagation of crop disease, along with deterioration of roads that have affected their operations. In addition, in some parts of Peru, coffee can no longer be grown at lower altitudes due to temperature changes and this has led to the migration of coffee plantations to higher ground, which has created an issue with deforestation. As the soil at a lower altitude is no longer good for coffee, one co-operative has started to grow ginger. Other organisations are developing different projects related to agroforestry systems, forests conservation and technical irrigation projects with international NGOs and their buyers. As good water management is a critical issue in coffee cultivation, co-operatives are working with the farmers to treat the water and reduce the environmental impact. Finally, one cocoa producer has worked on the development of organic fertiliser plant, with the support of CLAC, to reduce the contamination from chemicals products.

The latest CSAF report (Appendix 6) highlighted the collaboration between Shared Interest and social lenders to support climate adaptation for farmers in Northern Peru.

In East Africa, producer groups were also seeing significant challenges due to climate change. Discussions on this topic centred on the costs involved to implement solutions, which are unaffordable by most smallholder farmers. Producers also discussed the assistance required from their government to adapt to the changing climatic conditions so the farmers could focus on practicing Good Agricultural Practice. Although it was recognised that climate change is a global issue, they continued to support farmers to plant trees and provided seedlings. Currently, one coffee producer in Rwanda is educating its farmers in mulching practices and the importance of growing shade trees. In response to the fluctuating weather conditions in Uganda, a coffee co-operative has adopted a hybrid solar drying method. It traps heat from the sun, with a regulator to achieve the

desired temperature. The coffee beans are placed inside on shelves to dry.



*Hybrid solar dryer for coffee in Uganda*

In West Africa, producers noted that climate change had led to erratic rainfall patterns, droughts and extreme temperature situations. Consequently, flowering and harvest have been affecting production volumes. Overall, they have seen a 25-30% reduction in yields in Ghana's major cocoa season during the 2021/2022 and a 9% reduction in production volumes in Ivory Coast. In Burkina Faso, climate change significantly affected the production and export of hibiscus. Like other regions, an increase in pest and disease infestation was also noticed.

Climate change did not only affect commodity producers but also some of our handcraft producers. One of these organisations, a basket-weaving co-operative in Ghana, said climate had affected their ability to source straw due a lack of rainfall. The basket weavers, who are mainly women, have been forced to travel further distances to purchase the straw, which has also doubled in price. In order to respond to this situation, the producer is intending to start straw production in the Northern part of Ghana, along with implementing an irrigation canal.

# Summary

We believe our work contributes to the attainment of specific Sustainable Development Goals (SDGs) from the 17 SDGs agreed by the United Nations in 2015 as goals for building a better world by 2030. Our Theory of Change (ToC) process has helped us evaluate our impact more effectively. The diagram on page 8 shows how this works. We use this model to inform our monitoring and evaluation framework.

As Shared Interest Chair Mary Coyle says in her Welcome: "Shared Interest Society and Shared Interest Foundation have worked hand in hand with farmers, artisans and communities, to strengthen enterprises, increase employment opportunities and implement innovative methods of sustainable farming."

We could not have reached our operational goals, and therefore achieved the impact described in this report, without the support of members, colleagues, donors, volunteers and partners.

Our members remain at our heart, and we closed the year with 10,416 Share Accounts, 78% being held by individuals. However, the Society membership is diverse and also includes faith groups, fair trade partnerships, businesses, schools and community organisations. Despite the very challenging economic outlook, investment increased by £1.6m, and Share Capital totalled £52.3m at the end of the year.

In line with these evolving changes in news consumption, we increased our advertising presence online alongside our more traditional print advertising in various publications including the Big Issue and Amnesty International. We know that enquiries are generally converted in the first seven months after the

initial contact, and conversion rates have remained steady over the past four years but this year, we saw the number of new enquiries slow significantly. We believe that this is directly related to UK economic conditions, causing increased household expenditure. Furthermore, recent economic uncertainty has led to a reduction in consumer confidence, which has also impacted both enquiries and investment levels. According to PwC, the UK household savings rate is set to fall by 70% (or £4,000 less) on average compared to the highest levels during the pandemic and will fall to an average rate of around 6% of household income. This echoes our results and over the year we attracted 200 new members to the Society with an average opening balance of £2,008 (2021: £1,494) but due to share account closures we actually saw a net reduction 31 Share Accounts compared to a net increase of 221 last year.

Our members are extremely loyal, and we pride ourselves in providing exceptional customer service. Over the past year, we have been focusing on improving our levels of engagement, building up members' understanding and knowledge of their investment and impact through our quarterly magazine, e-newsletters, phone calls and improving our internal processes. We continue to encourage more members to manage their Share Accounts online to reduce the need for print and postage. We now have 48% of our members using the Member Portal (2021: 44%), which we have further developed this year.

This year saw us complete our Strategic Review process, which included our largest ever stakeholder consultation process with interviews, research projects



*Shared Interest member and volunteer Claire Picton at a meet up in London during 2022.*

and 130 members participating in online discussion workshops. It is clear that our members want us to stay true to our mission. Throughout our stakeholder consultations, members told us they do not want us to lose sight of the small and disadvantaged organisations we support and that we must maintain the purpose Shared Interest was set up to achieve 32 years ago. Our new strategy sets out how we will continue to widen our support for fair trade, extending our lending to organisations who are working towards Fairtrade certification, as well as those who meet the 10 Principles of Fair Trade. We will also continue to assist businesses in adapting to the challenge of climate change by building partnerships, encouraging our customers to become more climate resilient, and by developing information resources for our members. Gender equality has an extremely significant part to play in strengthening communities. By supporting women who live in remote and rural regions, we can increase productivity and

promote economic growth. Narrowing the gender gap not only helps women prosper, it helps their families and communities thrive. We will therefore continue to support producer organisations that meet our lending criteria and create opportunities for women's empowerment.

Our charity, Shared Interest Foundation, is supported by donations from 1,548 donors, and grants from Trusts and Foundations. The majority of these donors (1,383) are members of the Society. Over the past year, we delivered 12 projects in Africa and Latin America, which supported the development of innovative initiatives to generate vital income for rural communities. This work aimed to strengthen the climate resilience of producers, as well as creating income-generating opportunities for women, young people and established enterprises. Overall, 2,365 farmers and producers were provided with training across seven countries, and we supported 2,981 producers to grow coffee, cocoa, passion fruits, vegetables and sphagnum moss.

This year we concluded one project to improve organic coffee production in Peru and launched six new projects:

- Ensuring environmental protection and biodiversity conservation through income diversification (Peru)
- Strengthening coffee producers' resilience to climate change (Rwanda)
- Improving livelihoods through agro-processing (Burkina Faso)
- Seed to Stall: Increasing self-sustainability through soilless vegetable farming (Burkina Faso)
- Seed to Stall: Increasing self-sustainability through domestic soilless vegetable farming (Burkina Faso)
- Soilless farming Ghana (Drip Irrigation)

We cannot achieve our mission in isolation, and we place partnership at the heart of what we do. We have a peer network of like-minded organisations with whom we have shared goals and objectives. Working in collaboration with this community, we increased, developed and broadened our impact and progress towards our mission. During our strategic review process, we identified the need to develop partnerships across the organisation to help us deliver our ambitions of improving our knowledge in areas such as climate and gender equality. In order to meet this objective, we appointed a Partnership Manager in September who is dedicated to identifying and developing the relevant relationships.



*Shared Interest Managing Director Patricia Alexander accepting the Queens Award from Her Majesty's Lord-Lieutenant for Tyne & Wear, Mrs Susan Winfield.*

Retaining positive and engaged people is significant in Shared Interest's continued growth and success. We have a team of 36 working across five locations: Costa Rica, Ghana, Kenya, Peru and the UK, speaking 18 languages in total. The majority (58%) have worked for Shared Interest for over four years. We have been supported by 98 volunteers this year, carrying out one or

more of six volunteer activities; ambassador, community supporter, event assistant, translator, data entry and researcher.



*Elias Uldaricio Vasquez Huenqueo and Maria Yaneth Garcés Vera, who are married and members of Apicoop, work together on their bee farm in Chile.*

Following almost two years of working from home, our Newcastle office re-opened on 14th March with a new hybrid model. Our regional offices were closed at the same time and colleagues have chosen to work permanently from home. In August 2022, we circulated the online Engagement Survey with a response rate of 94.4%. The results showed a positive move in engagement levels, with all 34 respondents either 'engaged' (36.5%) or 'actively engaged.' (63.5%).

We consider stewardship in all aspects of our work and embed a culture of good environmental practice throughout Shared Interest, doing the best we possibly can with the resources entrusted to us. Our Environmental Team raises awareness of topical issues and encourages eco-friendly initiatives.



We know that our producers and buyers had already been affected at different stages of the pandemic and Covid-19 but the current global economic climate has severely impacted our customers who have seen costs rise quickly alongside disruption in transport networks, shortage of containers worldwide and changing consumer patterns.



*Baluku Aminadu is a member of BOCU in Uganda.*

In total, we have 185 customers, consisting of 165 producer groups (2021: 175), 76 in Latin America, 88 in Africa, and one in Asia, and 20 buyers (2021: 25) 13 in Europe and seven in North America. The majority of our finance was lent on a short-term basis, helping with the purchase of raw materials, also known as inputs, and providing an income to farmers and artisans before the harvest or production of goods.

In terms of lending, coffee remains our largest focus, mainly due to the scale of Fairtrade coffee production, with more than half of all Fairtrade certified producers growing this commodity. Rising coffee prices and volatility within the coffee market meant that producer groups required additional financing to meet customers need in response to the market fluctuation for the same

volume previously exported. Consequently, we saw an increase of 2.3% in our lending to support coffee, representing 49.4% of our total disbursement (previously 47.1%). Although other CSAF members have recorded an increase in cocoa lending, our disbursements for this commodity have reduced from 28.3% in 2021 to 21.7% in 2022. Handcraft and textile products continue to have an important place in our lending as we maintain our focus on small and disadvantaged producer groups. It is important to note that disbursements for handcrafts are made mostly through buyer lending. Therefore, the increase seen from 8% in 2021 to 12.5% in 2022 is due to higher purchases from buyers as retail shops reopened and demand for handcraft items increased.



*Akolgo Abaah holds harvested vegetables grown using soiless farming.*

During 2022, a total of £51.9m funds were disbursed compared to £52.2m in 2021. As pandemic restrictions were lifted, buyers started to increase their orders resulting in higher disbursements. Although a small number of producers requested additional prefinance, there was an overall decrease as the number of producers in our portfolio has reduced by ten and shipping delays meant funds were requested later, or

borrowing was extended for a longer period and finally, some producer groups accessed funds with a lower interest rate from alternative financial sources. Of the total payments made on behalf of buyer customers, a large proportion (43%) went to Asia. Due to political and economic constraints, it is not possible to lend directly in some of these regions, therefore our relationships with buyers are essential in reaching disadvantaged communities here. During this financial year, it has been difficult to increase our customer portfolio. Nevertheless, seven new proposals were approved, along with 18 increases for existing customers.

To ensure we keep up to date with regional challenges we hold Producer Committees each year. Customers from various sectors come together and this year, many stated that one of the main advantages of accessing finance from us was the speed of disbursements. It was also recognised that Shared Interest was able to accept the additional risk in lending to co-operatives with a limited credit record. They also valued our excellent customer service, our strong relationships with co-operatives, and the flexibility we have shown in working with new buyers.

In South America, some producers highlighted that they were working on projects to diversify income streams for their members. In East Africa, one coffee producer constructed a new coffee washing station, which helped to increase their production. In West Africa, a handcraft producer in Ghana had improved their business operations and product range, which enabled them to expand into new markets and increase their orders. In Ivory Coast, one cocoa producer explained that they had

been able to improve their cocoa processing and grading facility. In Central America, a Honduran coffee co-operative continued their investment programme with a new processing infrastructure, boosting their overall production capacity, giving them more operational control and strengthening their relationship with buyers. A Mexican honey trader finished building their new production plant, increasing their capacity and ability to acquire honey from more small-scale beekeepers.



*Cafescor coffee picker, Ariel Román.*

Our regional teams and customers all noted significant challenges brought about by climate change. In South America, the changing weather patterns have affected coffee yields and quality and the coffee harvest season has reduced from 4-5 to 3-4 months. Producers highlighted the greater instances of crop disease, alongside deterioration in road conditions. In addition, coffee can no longer be grown at lower altitudes, in some parts of Peru, due to temperature changes. This has led to the migration of coffee plantations to higher ground, leading to deforestation. In Central America, the honey harvest season has shortened from six months to two months and the number of overall honey harvests decreased from four to two per year. In East Africa,

producers are implementing innovative solutions but are struggling with the costs. One coffee producer in Rwanda is educating its farmers in mulching practices and the importance of growing shade trees. Another coffee producer located in Uganda, is planning to adopt a hybrid solar drying method for their coffee because they are in a region that receives heavy rainfall. In West Africa, climate change has led to erratic rainfall patterns, droughts and extreme temperature situations affecting flowering and harvest seasons. Overall, they have seen a 25-30% reduction in yields in Ghana's major cocoa season during 2021/2022.



*Inka Moss harvesters collect sphagnum moss in the area of Tambillio.*

Despite the challenges faced during the last 12 months, Shared Interest has continued to empower smallholder farmers and artisans to grow their businesses sustainably, increase trade, and create employment opportunities by providing a reliable source of finance during otherwise uncertain times. Even in this year's difficult conditions, we supported 388,320 farmers, artisans and workers, 33% were women, across 45 countries this year.



*CECANOR member Sabina Hernandez photographed in La Florida district in Cajamarca, Peru.*



# Stakeholders

In pursuit of our mission, the following stakeholders are key to Shared Interest. (This list is reviewed and updated annually by the social reporting team)

Stakeholders	Definition	Description	2021	2022
Beneficiaries	Organisations who benefit from the support of Shared Interest Foundation	Beneficiaries trained Producer groups receiving grants	740 9	236 10
Board of Directors	Collectively responsible for the direction and management of the Society, 7 of these 8 are also Trustees of Shared Interest Foundation	Elected Shared Interest Society Members	8	8
Council	Body which serves to keep the Board “on mission” and is” representative of the views of members”	Elected Shared Interest Society Members	8	8
Customers	Borrower organisations which enter into a business contract with Shared Interest Society	Producer group customers Buyer customers	175 25	165 20
	Other organisations that receive or make payments via Shared Interest Society	Recipient producers Non customer buyers	124 40	124 32
Donors	Shared Interest Foundation donors	Individual donors Corporate donors Churches and other groups Grant-making bodies	1049 0 5	1548 0 7
Our people	The Shared Interest team	Our people	36	36
Members	Shared Interest Society investors	Members	10,456	10,416
Partners	Those we collaborate with for mutual benefit	People, groups and organisations we work with and umbrella groups of which we are members	27	27
Volunteers	Individuals who volunteer their time and expertise to Shared Interest	Volunteers	96	98



# Consultations

We are keen to understand our stakeholders' view of our performance against the mission and values. We therefore consulted with them in a number of ways this year.

<b>CUSTOMERS</b>	<p>In addition to our daily contact with customers and annual reviews undertaken by the Lending Team, we carried out two specific consultation exercises, which gathered views from all of our customers. This involved:</p> <p>An electronic survey was sent to 109 producer customers and 39 responses were received.</p> <p>This year five Producer Committee Meetings were held. Four of these were virtual with the fifth taking place face to face in Ivory Coast with French speaking producers. Producers in Central America were consulted via individual telephone interviews. In total, 30 producers participated: Burkina Faso (1), Ghana (2), Honduras (1), Ivory Coast (8), Mexico (3), Nicaragua (1), Peru (7), Rwanda (4), Togo (1) and Uganda (2).</p>
<b>BENEFICIARIES</b>	<p>Information from organisations benefiting from the work of Shared Interest Foundation were consulted on a project basis:</p> <ol style="list-style-type: none"> <li>1. Growing Fairer Futures: Ivory Coast – 50 producers completed an end of project questionnaire and assessment. These results informed our end of year one project report which was shared with the funder.</li> <li>2. Building sustainable livelihoods for women in rural Nicaragua through organic sesame farming – a six month activity report was compiled and shared with the funder.</li> <li>3. Growing Fairer Futures: Rwanda – 50 producers completed end of training evaluations. The results will inform the end of project report.</li> <li>4. Improving organic coffee production in Peru – 164 producers completed an end-of-project evaluation questionnaire. The results of their informed our end of project report.</li> <li>5. Ensuring environmental protection and biodiversity conservation through income diversification - A baseline questionnaire was completed by 200 harvesters. The results of this will inform futures reports.</li> <li>6. Strengthening coffee producers' resilience to climate change for increased yield – A baseline questionnaire was completed by 244 project participants. The results will inform future reports.</li> <li>7. Improving livelihoods through agro-processing – A baseline questionnaire was completed by 50 project participants. The results will inform the end of project report.</li> </ol>
<b>MEMBERS</b>	<p>Our AGM took place online in March 2022. A total of 249 members attended the event. This was supported by four online member events. A total of 474 members attended these events. Our Strategic Review process saw 130 members take part in consultations.</p>
<b>VOLUNTEERS</b>	<p>All new volunteers receive an organisational orientation and role specific induction training. All volunteers receive an e-newsletter every two months and are invited to join our webinar sessions held periodically. Leavers are invited to complete a feedback survey about their experience volunteering with us. We carried out a Volunteer Survey in May, this survey went out to 76 volunteers and we received 23 responses.</p>
<b>BOARD OF DIRECTORS / TRUSTEES</b>	<p>The Shared Interest Board meets five times a year and considers aspects of Social Accounts at three of those meetings. The Board responds to members at the AGM.</p>
<b>COUNCIL</b>	<p>Council is not consulted separately from members as part of the Social Accounts process. However, the final report is shared for discussion during their January meeting. It meets three times during the year and provides input to Board meetings and the AGM. There is a joint Board and Council meeting annually.</p>
<b>DONORS</b>	<p>We have ongoing communication on a project-by-project basis with our grant funders. A quarterly digital newsletter is sent out to those donors who have subscribed to receive it.</p>
<b>OUR PEOPLE</b>	<p>We continue to work with People Gauge to carry out surveys to colleagues. In August 2022, we circulated the Engagement Survey. This was an online survey and included questions specific to the new hybrid working arrangements. These results indicate that 34 colleagues out of 36 completed the survey, which was a response rate of 94.4%. There has been a positive move in engagement levels, and it showed that people were either 'engaged' (36.5%) or 'actively engaged.' (63.5%).' The results of the survey were presented to the entire team.</p>
<b>PARTNERS</b>	<p>Following the recruitment of a Partnership Manager this year, we will build on our consultations with partners next year. A summary of our main partners can be found in Appendix 3.</p>

	2020	2021	2022
<b>Customers</b>	<p>Customer Social impact survey to producer and buyer customers (58/131)</p> <p>Producer Committee Meetings were held virtually, most of them in the form of telephone interviews with customers (23) to gather impact data.</p>	<p>Customer Social Impact survey to producer customers (45/95). Telephone surveys conducted with six buyers.</p> <p>Producer Committee meetings were held virtually with customers (29) to gather impact data.</p>	<p>Customer Social Impact survey to producer customers (39/109).</p> <p>In total five Producer Committee meetings were held with customers (30). Four of these meetings were held virtually, with one meeting held face to face to gather impact data.</p>
<b>Beneficiaries</b>	<p>To conclude the East Africa Governance and Finance Training project and inform the final project report we gathered impact data from the 20 participating co-operatives.</p> <p>An external evaluation was conducted following the conclusion of The Malawi Sustainable Solutions to Poverty project involving stakeholders from the five participating co-operatives.</p> <p>All 50 beneficiaries from our Growing Fairer Futures project completed a baseline survey and a post-training evaluation.</p> <p>We interviewed five project participants as part of our Carbon Offset Project to provide qualitative data to evidence project impact for our end of project report.</p> <p>To inform our one-month progress report for the Livelihood Security Fund two beneficiaries were interviewed.</p>	<p>To conclude the Growing Fairer Futures (Ghana) project an evaluation was conducted and 50 end evaluation questionnaires were completed with participants. Two participants were interviewed to develop case studies.</p> <p>All 50 participants of our Bees for Business: Dakoro (Phase 2) project completed a final evaluation to inform our end of project report. Two participants were interviewed to develop case studies.</p> <p>All 75 participants of our Bees for Business: Sideradougou project completed a final evaluation to inform our end of project report.</p> <p>All 50 participants of our Growing Fairer Futures (Ivory Coast) project completed a baseline questionnaire.</p> <p>All 40 participants of our organic sesame farming project in Nicaragua completed a baseline questionnaire.</p> <p>All 50 participants of our Growing Fairer Futures (Rwanda) completed a baseline questionnaire.</p> <p>91 farmers participating in our Improving organic coffee production in Peru project completed a baseline questionnaire.</p> <p>A sample of 92 participants of our Soilless Farming project completed a baseline questionnaire.</p>	<p>To conclude our Improving organic coffee production in Peru project, an end evaluation was conducted and 164 participants completed an evaluation questionnaire to inform this report.</p> <p>All 50 participants of our Growing Fairer Futures project in Ivory Coats completed an end of year one evaluation. Two participants were interviewed to develop case studies. In addition, the Project Co-ordinator, conducted farm assessments.</p> <p>A sample of 200 moss harvesters participating in our Ensuring environmental protection and biodiversity conservation through income diversification project completed a baseline questionnaire.</p> <p>All 50 participants of our Improving livelihoods through agro-processing project completed a baseline questionnaire.</p> <p>A sample of 244 participants of our Strengthening coffee producers' resilience to climate change for increased yield completed a baseline study.</p>
<b>Members</b>	<p>Feedback forms at AGM and letters sent by members.</p>	<p>Feedback forms after AGM, GM and member meetings.</p> <p>Member Survey sent to all members who are happy to receive mail. (2,153/8,971) *number of responses over number surveyed.</p>	<p>Online feedback forms after AGM and member meetings.</p> <p>Strategic Review consultations and online workshops.</p>

<b>Volunteers</b>	Individual catch up calls offered to all volunteers and 23 calls were carried out.	Ongoing conversations with volunteers throughout the year. Survey about events with Ambassadors and Community Supporters (36/50).	Ongoing conversations with volunteers throughout the year Volunteer Survey (23/76).
<b>Board</b>	Consulted as members.	Consulted as members.	Consulted as members.
<b>Council</b>	Consulted as members.	Consulted as members.	Consulted as members.
<b>Our People</b>	Engagement survey (32/39).	Engagement Survey December 2020 (34/38). Engagement survey September 2021 (36/36).	Engagement survey 2022 (34/36).
<b>Donors</b>	Electronic donor survey (185/640).	No formal consultations took place with this group.	No formal consultations took place with this group.
<b>Partners</b>	Partner consultations (10/39).	Two partner interviews.	No partner interviews took place.



# How we have progressed over the year

Reporting on the key targets as agreed by the Senior Management Team and Board

What we say we would achieve	Progress to date
<ul style="list-style-type: none"> <li>Maintain a strong focus on positive employee engagement.</li> </ul>	<p>Throughout the pandemic, we continued to hold meetings with representatives of a committee to discuss the transition of going back to the offices and potential new working arrangements.</p> <p>As pandemic restrictions eased, external training and development opportunities increased and we encouraged the team to take part. We have continued to hold Coffee and Learn Sessions on a variety of topics including, narrating PowerPoint, growing and storing herbs and environmental issues.</p> <p>The Queen's Award presentation (delayed from 2020) was held near Newcastle upon Tyne, This was the first time our UK team had met in person for two years. Pandemic restrictions meant that our colleagues in Africa and Latin America were unable to travel to the UK. However, they joined us virtually via Zoom for the ceremony. The UK team also came together in both June and September and again, colleagues enjoyed the opportunity to interact face to face.</p> <p>The results from the Engagement Survey were the best we have seen with a positive move in engagement levels, which demonstrated that from those who responded (response rate of 94.4%) colleagues were either Actively Engaged (63.5%) or Engaged (36.5%).</p>
<ul style="list-style-type: none"> <li>Retain and recruit key skills across the organisation including our Board.</li> </ul>	<p>There were three leavers during this financial year. The first was due to a need for our former colleague to relocate to Brussels. Two colleagues left for career and salary progression - as a small organisation, there are limited opportunities for upward progression.</p> <p>We successfully recruited two new Non-Executive Directors (to replace those retiring) to our Board during this time who have brought additional skills and experience to the organisation.</p>
<ul style="list-style-type: none"> <li>Manage a successful organisation-wide transition to new ways of working caused by the Covid-19 pandemic.</li> </ul>	<p>Following almost two years of working from home our Newcastle office re-opened on 14th March using a new hybrid model. The UK team initially worked one day a week in the office and the remainder at home We consulted with colleagues on their preferences and began to consider smaller office premises. As a consequence from mid-May, the UK team has been able to work from home or choose to work in the office.</p> <p>Our regional premises were closed during the year and our colleagues have chosen to work permanently from home. Consequently, these premises have closed permanently.</p>

<ul style="list-style-type: none"> <li>• Maintain Share Capital and investor/donor numbers with a strong focus on engagement, messaging, creating virtual opportunities for members to contribute, question and increase their knowledge.</li> <li>• Launch the new member database, incorporating donor information to improve communications and administrative efficiencies.</li> <li>• Create a more systematic and structured method to manage credit risk and debt recovery with the objective of reducing the impairment charge.</li> <li>• Improve the accessibility and scope of the management information available from our current operating platforms.</li> <li>• Continually improve our colleague and technical resilience to cyber risk threats.</li> <li>• Shared Interest Foundation will continue to develop and deliver environmental projects, engage with new partners and improve our understanding of environmental challenges faced by producers.</li> </ul>	<p>We ended the year with Share Capital reaching £52.3m, which is a net growth of £1.6m from last year. We have held a series of well-attended virtual member events and an AGM which has provided an excellent opportunity for our members to learn about more our activities and ask questions directly to the regional teams and some customers. In addition to this, we held the largest strategic review consultation yet, with 130 members participating in discussion workshops. Shared Interest Foundation participated in a series of virtual events during Fairtrade Fortnight which allowed us to raise the profile of our charity and engage with a wider audience leading to more people signing up for our e-newsletter.</p> <p>We have now completed the integration of the donor database with our member databases making internal efficiencies and external cost savings.</p> <p>Over the course of the last 12 months we have developed two new internal databases. One manages our portfolio of collateral, typically land titles that we hold as part of the lending agreement. The second keeps a record of all of the accounts that have been formally sent for collection with either a debt collector or lawyer. We have valuable data consolidated into one location and a new ability to monitor the success or failure of our collection efforts more accurately. Our utilisation of third party services continues. We currently have 40 customers out for collection and have 20 active relationships with debt collectors and law firms. We believe that this more structured approach will help us gradually to achieve the goal of reducing the scale of bad debt charges.</p> <p>The lending system was purposely built in a way that would allow easy access to a wealth of management information. One page of data can be downloaded from the system by a user, however it would have to be combined with other data sources manually. Members of the Technology Team are able to access all data and create bespoke reports according to the needs of colleagues. To assist this, we use an interactive data visualisation software called Microsoft PowerBi and are in the process of building up a library of automatically updated reports, accessible to all team members.</p> <p>Shared Interest has implemented a sophisticated tool to provide training to the entire team on cyber threats based on simulated testing. This has now been in place for 18 months, and we have seen a significant drop in 'fails' from the simulated phishing tests generated from this scheme. To continue improvement in this area, we will continue to operate this system and tune it further to enable the team to identify malicious emails. We will do this by broadening the types of tests they receive, and continuing to increase the difficulty of the tests.</p> <p>All Foundation projects have included Climate Smart Agricultural training, to build producers' climate resilience. Six of the 12 projects the Foundation is currently implementing, have a strong environmental focus. We will continue to work with partners to develop projects of this nature. This year we worked with local institutions of higher education including the Crop Science Department of the University of Ghana, the University Nazi Boni of Bobo and the Matroukou National School of Agriculture in Burkina Faso.</p>
--	---

<ul style="list-style-type: none"> <li>• Develop a new credit appraisal methodology that generates efficiency and helps us to assess existing and potential customers better.</li> <li>• Improve communication and exchange of information including the development of a new transactional customer website.</li> <li>• Assess new and existing markets to make a positive impact on more communities and enhance the organisations long-term sustainability</li> </ul>	<p>This is ongoing. Initial conversations have been held within the Lending Team. The scope of the improvements will be also assessed by the members of the Credit Committee once progressed.</p> <p>The project brief for the new customer website was approved and a more detailed PID (Project Initiation Document) has been drafted. It will be assessed by the Senior Management Team. The website will seek to manage both buyer and producer accounts. The website development will be subcontracted to an external third party, under the joint supervision of the Technology Team and Lending Team.</p> <p>This is ongoing. We have primarily supported producer groups with trade finance, which has a positive impact on their economic sustainability. This has come through a combination of both existing customers and new producer groups. We will also assess long-term finance for some current organisations to boost their production efficiency during the second half of this financial year. We are further exploring new crops such as avocado, orange juice, rubber, amongst others, and we hope to deliver new lending in some of these supply chains during 2022-23.</p>
--	---



# What we want to achieve next year

Reporting on the key targets as agreed by the Senior Management Team and Board

- Resolve the UK lease situation or find a suitable alternative. Move our technical infrastructure into a data centre to further improve operational resilience of the organisation and reduce dependency on office space.
- Maintain Share Capital and investor/donor numbers with a strong focus on engagement, enabling members to contribute, question and increase their knowledge.
- Build strong partnerships which help to deliver our strategic goals with a particular emphasis on understanding the impact of climate change on our customers.
- Improve our underwriting to generate efficiency and help us to assess existing and potential customers faster while managing quality of the credit risk.
- Assess new and existing markets to make a positive impact on more communities and enhance the organisations long-term sustainability.
- Develop technology to improve communication and exchange of information including the development of a customer website.
- Develop a new methodology to assess our lending portfolio to balance key variables such as social impact, risk and profitability.
- Improve the management of bad and doubtful debts, bringing the position to within annual budget (£950k) for 22/23, whilst simultaneously increasing the value of funds recovered.
- Deliver organisational wide improvements to operational efficiencies and encourage cross team collaboration via the process review committee.
- Shared Interest Foundation will continue to deliver environmental projects, engage with new partners and improve our understanding of environmental challenges faced by producers.
- Retain key skills across the organisation in the face of increasing economic uncertainty and competition.
- Develop a successful succession plan for Board and the Senior Team.
- Continually improve our staff and technical resilience to cyber risk threats.

## GLOSSARY AND ABBREVIATIONS

### **Aceli Africa**

An organisation that seeks to address the 65 billion USD financing gap for agricultural small and medium-sized enterprises (SMEs) in Africa, through a financing facility that uses targeted incentives to increase lending from local financial institutions and international social lenders.

### **AGM**

Annual General Meeting - Meeting of Shared Interest Society members that reports on progress of the Society and Foundation.

### **Agri-business Management**

The business of agricultural production including, sales and marketing of the product

### **Baseline Study**

A baseline study is an analysis of the starting point before a project begins. This provides a benchmark against which future progress can be assessed or comparisons made.

### **Beneficiaries**

Those benefiting from Shared Interest Foundation projects.

### **Biofach**

A leading international trade fair for organic products.

### **Board**

Those elected members who are collectively responsible for the direction and management of Shared Interest Society.

### **Bond**

The UK network for organisations working in international development of which Shared Interest Foundation is a member.

### **Buyer Customers**

Wholesale or retail businesses, that borrow money from Shared Interest to finance the purchase of fair trade products.

### **Buyer Credit**

Fair trade buyers are required to provide a pre-payment to producer groups of at least 50% of the order value if it is requested. We assist by offering prefinance to pay for orders in advance of shipment.

### **Capacity Building**

Improving the knowledge and skills of producers through training and mentoring.

### **CLAC**

The Latin American and Caribbean Network of Fair Trade Small Producers and Workers (CLAC) is the co-owner organisation of the Fairtrade International system and the network that represents around 1,000 Fairtrade certified organizations in 24 countries of Latin America and the Caribbean.

### **Climate Smart Agriculture**

An integrated approach to managing landscapes that addresses the interlinked challenges of food security and climate change.

### **Cocoa Health and Extension Division (CHED)**

A department of Ghana Cocoa Board responsible for the control of cocoa swollen shoot virus disease, rehabilitation of old and unproductive cocoa farms, and extension services.

### **Coffee cupping**

A coffee tasting and scoring methodology. Coffee with a score over 80 is classified as speciality coffee

### **Coface**

Global credit insurer

### **Committed Lending**

A credit facility has been agreed with the customer.

### **Co-operatives UK (Co-ops UK)**

A membership organisation and representative voice for the UK's thousands of independent co-ops. Members can access advice, events and training.

### **Council**

A body consisting of eight members of Shared Interest Society, which serves to represent and reflect the views of the membership.

### **C price**

The benchmark price for commodity-grade Arabica coffee on the New York International Commodity Exchange

### **CSAF**

The Council on Smallholder Agricultural Finance - a global alliance of social lenders of which Shared Interest is a member, focused on serving the financing needs of small and growing agricultural businesses in low and middle-income countries worldwide.

### **Disbursement**

This describes funds sent to a customer as part of a term loan agreement or for a stock facility or to a producer in advance of a shipment (prefinance).

### **Donors**

Individuals, groups or organisations (including corporates and charitable trusts) who donate money to Shared Interest Foundation.

### **EUR, GBP, USD**

The main currencies in which Shared Interest lends - EUR: Euros; GBP: Pounds Sterling; USD: US Dollars

### **Expoalimentaria**

The commercial platform for food and beverages in Latin America.

### **Export Credit**

Financial product designed for producer organisations to provide them with sufficient working capital to complete and deliver new orders or contracts.

### **Facility**

A type of loan (short or long term) made to a business customer.

### **Fairtrade**

Fairtrade is used to denote the product certification system operated by Fairtrade International. When a product carries the FAIRTRADE Mark it means the producers and traders have met Fairtrade Standards.

### **Fair trade**

Fair trade is a trading partnership, based on dialogue, transparency and respect that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalised producers and workers.

### **Fairtrade Fortnight**

An annual promotional campaign, which happens once every year, organised and funded by the Fairtrade Foundation to increase awareness of Fairtrade products.

**Fairtrade Foundation**

A UK-based charity that works to empower disadvantaged producers in developing countries by tackling injustice in conventional trade, in particular by promoting and licensing the Fairtrade Mark

**Fairtrade International/FLO**

The organisation that co-ordinates Fairtrade labelling at an international level (formerly known as FLO).

**FLOCERT**

The global certification body for Fairtrade.

**Good Agricultural Practices (GAP)**

A set of standards for the safe and sustainable production of crops. The standards help farmers to maximise yields whilst minimising production costs and environmental impact.

**Good Money Week**

The national campaign run by UKSIF to help grow and raise awareness of sustainable, responsible and ethical finance.

**Insights**

Training that helps colleagues understand themselves and others in relation to their personality type.

**Living Income**

Fairtrade International define this as: A sufficient income to afford a decent standard of living for all household members – including a nutritious diet, clean water, decent housing, education, health care and other essential needs, plus a little extra for emergencies and savings.

**Members**

Shared Interest Society is owned by its members, and each has one vote irrespective of the size of their investment. Individuals, groups or organisations can invest between £100 and £100,000 in a Share Account.

**Monitoring and Evaluation Committee**

An internal group tasked to review the monitoring and measurement of impact.

**MT**

Metric Tonne, which is equal to 1,000 Kg

**People Gauge**

An online survey tool designed to measure levels of employee engagement.

**PNCE-BF**

Plateforme Nationale du Commerce Équitable Burkina. This translates as 'The Burkina Faso network for fair trade organisations'

**Prefinance**

Prefinance takes place when a financial institution advances funds to a borrower based on proven orders from buyers. The borrower usually requires the funding in order to produce and supply the goods. One of the key reasons for prefinance is so that the borrower has sufficient working capital to enable them to complete and deliver new orders or contracts.

**Producer customers**

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

**Prudential Limits**

To mitigate risk, clearly defined controls are set on the maximum total sum that can be lent against, a particular commodity, or to a particular country.

**QR**

Quarterly Return, the quarterly magazine produced for Shared Interest members.

**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.

**SAN**

The Social Audit Network is a not-for-profit organisation, which facilitates the exchange of information and experience between practitioners of social accounting and audit. Maintains a register of accredited social auditors.

**SDG**

The Sustainable Development Goals (SDG's), otherwise known as the Global Goals, are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity.

**Search Engine Optimisation (SEO)**

The process of maximising the number of visitors to a particular website by ensuring that the site appears high on the list of results returned by a search engine.

**Share Account**

Members of Shared Interest Society invest between £100 and £100,000 in a Share Account, which can be opened by UK residents. Share Accounts can be held individually, jointly, or by groups.

**Share Capital**

The pooled investments of Shared Interest Society members in Share Accounts, which provides the capital required for Shared Interest to be able to lend money to fair trade businesses around the world.

**Stakeholders**

Groups of people that can affect or are affected by the actions of a business.

**Term Loan**

A loan from Shared Interest for a specific amount that has a specified repayment schedule.

**ToC : Theory of Change.**

A comprehensive description and illustration of how and why a desired change is expected to happen in a particular context. This process involves identifying the desired

long-term goals and then working back from these to identify all the conditions (outcomes) that must be in place for the goals to occur.

**Trustees**

Those elected representatives who are collectively responsible for the direction and management of Shared Interest Foundation.

**UK SIF**

The UK Sustainable Investment and Finance Association exists to bring together the UK's sustainable finance community and support its members to expand, enhance and promote this key sector.

**Volunteers**

Shared Interest volunteers assist us in a variety of ways, from administrative support at our Head Office, to raising the profile of the organisation.

**VSLA**

Village Savings and Loan Associations are self-managed community-based groups that provide their members access to basic financial services.

**WFTO**

World Fair Trade Organization - a global network of fair trade organizations (formerly known as IFAT - the International Federation for Alternative Trade) with regional branches such as WFTO Europe.

**World Fair Trade Day**

Organised by the World Fair Trade Organisation to celebrate Fair Trade and encourage consumers to choose Fair Trade goods.



# LIST OF APPENDICES

All of these Appendices can be accessed online at [shared-interest.com/SA22/App#](https://shared-interest.com/SA22/App#) (Replace # with the Appendix number)

- |  |   |  |
|--|---|--|
| 1. Directors' Report and Accounts for the Society  | 6. CSAF State of Sector 2022                              | 11. Producer Committees                |
| 2. Shared Interest Foundation Accounts   | 7. A detailed explanation of country risk                 | 12. Longitudinal Case Study: Inka Moss |
| 3. Partnerships  | 8. Environment Team: Green Policy                         | 13. Longitudinal Case Study: KOAKAKA   |
| 4. SAFIN Report: Agri-SME finance: navigating volatility in the wake of the war in Ukraine | 9. Customer Social Impact Survey 2022                     | 14. Key Aspects Checklist              |
| 5. A detailed explanation of lending products  | 10. Fairtrade Poverty and Rural Development Impact Report |  |



Shared Interest Society, Pearl Assurance House,  
7 New Bridge Street West,  
Newcastle upon Tyne, NE1 8AQ

T: (0)191 233 9100 [info@shared-interest.com](mailto:info@shared-interest.com)  
[www.shared-interest.com](http://www.shared-interest.com) @SharedInterest  
@SharedIntFdn

Shared Interest Society Limited, Registered Society  
Number 27093R Shared Interest Foundation Registered  
Charity Number 1102375