



30 YEARS OF INVESTING IN A FAIRER WORLD

# Social Accounts

Year ended:  
September  
2020



# INVESTING IN A



# Fairer World.

# CONTENTS

	<b>Page number</b>
Welcome	4
Social Audit Statement	5
Introduction	6
Our Theory of Change	7
Our outcomes	8
About Shared Interest	9
Our mission	10
Part 1: Our activities and operations	11
Part 2: Our impact	41
Summary	56
Stakeholders and consultations	60
How we have progressed over the year	64
What we want to achieve next year	67
Glossary and abbreviations	69
List of appendices	70

## ACKNOWLEDGEMENTS

Drafting of this report was undertaken by the Social Reporting Team at Shared Interest: Laura Carrick, Jordi Fresnedoso, Kodzo Korkortsi, Stina Porter, Sally Seddon, Alan Simmons-Graham, Denise Sumner, Jo Tong, Harriet Urwin, Mark Vassallo and France Villeneuve.

We are grateful to Tracy Mitchell (Chair), Liz Allen, Bob Doherty and Fiona Standfield for providing independent verification this year.

*Front and back cover images: Candela Peru, Brazil nut producers in Peru*

# Welcome to our 2020 Social Accounts

It is with great gratitude and pride that I introduce our Social Accounts report for 2020, which details the work of Shared Interest during our 30th anniversary year. Despite the significant impact of the pandemic, we are able to report on the continued provision of our financial services and business support, to empower people in disadvantaged communities. It is testament to the dedication of everyone involved in Shared Interest, that we have continued to be a reliable source of finance for disadvantaged communities, in extremely uncertain times.

This document provides a transparent account of our operations and activities, and the impact made in fulfilling our mission from 1st October 2019 – 30th September 2020.

Over the past year, we have provided access to finance for farmers and artisans across the world. In 2020, we lent funds to 174 producer groups, supporting 352,122 individuals. Of these, 35% are women.

There is no doubt that, in the last six months of this period, Covid-19 has caused substantial disruption to supply chains and the global economy. The textile and handcraft sectors have experienced the biggest challenges, with orders postponed, particularly at the height of the pandemic, as the retail industry adapted to lockdown measures across the world. However, as described in this report, many producer groups have reported growth

in a period of adversity, with increased production of coffee and cocoa in particular.

Coffee remains our biggest focus with 47% of our lending supporting this product. However, we continue to seek diversification, and this year approved new facilities for mango, quinoa, and sugarcane producers. We also provided finance to support organic soya beans in Togo, which is a country we have not worked in before. This year we made payments to the value of £48.5m to 230 organisations in 51 countries. Although the overall value of payments has decreased by 30%, the value of committed lending has increased by just under £1m, and we have reached 36 new customers, providing a collective £8.3m in financial support.

We were delighted to reach £46.1m in Share Capital, with the highest annual increase for several years, at £3m. This is a major achievement and shows the unwavering commitment of Shared Interest colleagues and supporters. Although we have been unable to meet face-to-face in recent months, we continue to be united through our shared goal of investing in a fairer world. Indeed, in line with our mission, we continued our aim of lending directly to producers and 70% of our finance reached smallholder farmers and artisans who are in greatest need of support.

Our charity, Shared Interest Foundation, continued to provide training and business support to small-scale producer groups in Africa. We worked

with in-country partners to deliver projects in rural communities of Ghana, Burkina Faso, and Nicaragua. Where, thanks to support from individuals, and funding from trusts, we have enabled people to learn new skills in cocoa farming, beekeeping, and water conservation.

Although we were extremely disappointed not to be together during this commemorative period, we can be proud of all we have achieved in our 30th year. This includes the milestones of receiving our third Queen's Award for Enterprise in the category of Sustainable Development, as well as being named a NatWest Impact Management Champion, and one of the Top 100 Social Enterprises in the UK.

We were extremely sad to lose our founder, Mark Hayes, in December, but his legacy lives on, and this set of Social Accounts is a tribute to the vital and valuable work Shared Interest does.

I hope you enjoy reading the highlights of the last 12 months.

**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 Korkortszi, Tim Morgan, Stina Porter and other members of the Shared Interest Team at the Social Audit Panel meeting held on 24th November 2020. 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 main recommendation from the previous year.

We identified key two points to be taken into consideration during the next social audit cycle:

- i) We would encourage Shared Interest to continue to develop the evaluation against the SDGs within the report
- ii) We would encourage Shared Interest to consider how best to retain some of the positives of this year particularly in terms of virtual engagement and how they could contribute to building back fairer. We would like to see feedback on these points within the next report.

The members of the Social Audit Panel were:

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

**Liz Allen, The Connectives**

**Dr Bob Doherty, University of York**

**Fiona Standfield, Chief Operating Officer at Roman Catholic Diocese Hexham and Newcastle**

Signed:



Chair of the Social Audit Panel

Dated: 4th December 2020



\* 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, 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 2019 TO 30 SEPTEMBER 2020.  
REFERENCES TO 'THIS YEAR' AND '2020' SHOULD THEREFORE BE READ AS THE ABOVE 12-MONTH PERIOD*

---

This year, we restructured our Social Accounts to align with our Theory of Change. The report is divided into two parts: Part I describes our activities and operations and Part II covers our impact. Both sections reflect the feedback and recommendations received from the Social Accounts audit in 2019.

These Social Accounts were produced in accordance with the process recommended by the Social Audit Network UK (SAN). See Appendix 19<sup>1</sup>. This includes an audit by an independent panel, chaired by a SAN qualified social auditor, members of which are listed on page 5. 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 60-63.

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.

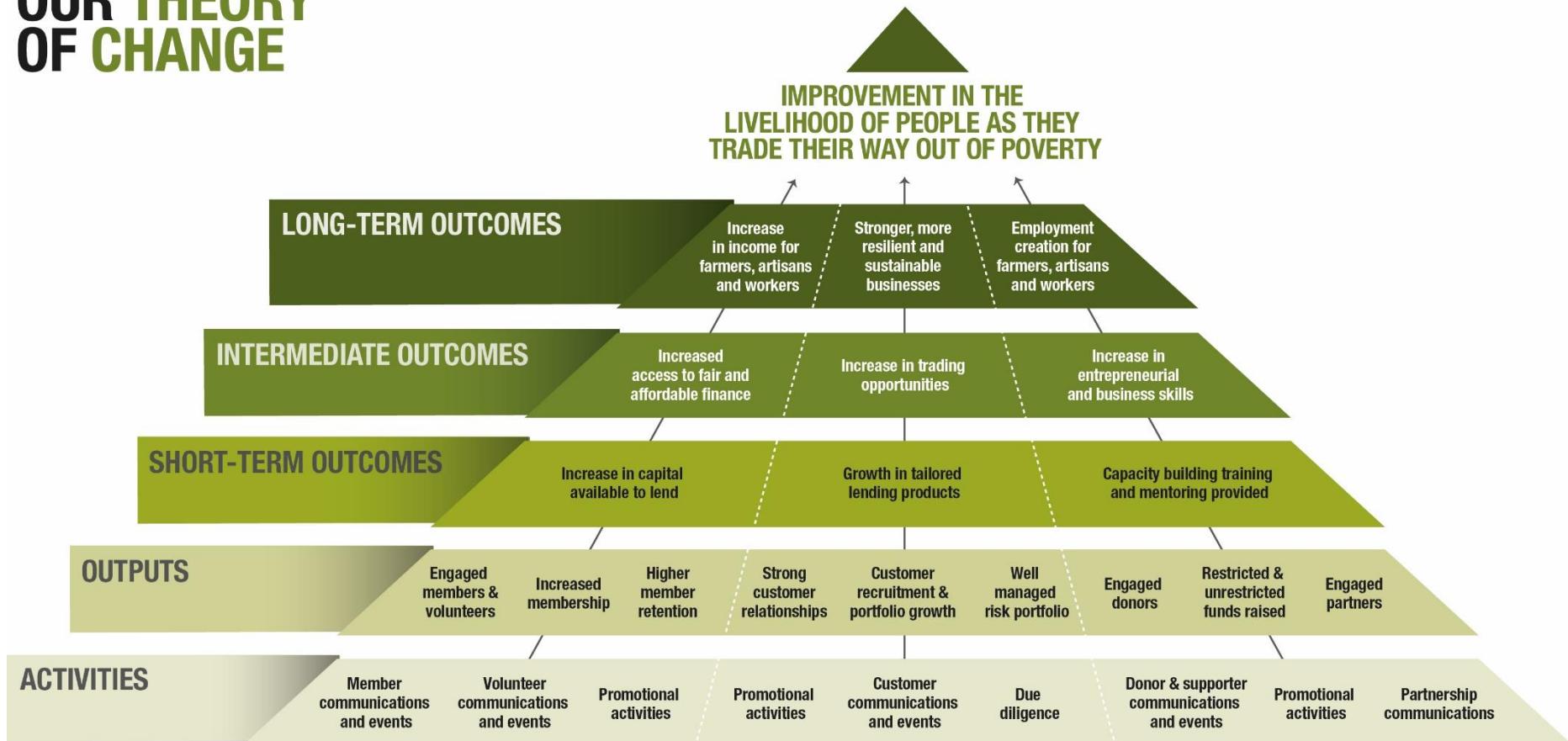


*Bwambale Stephen operates a mechanized pulper at a BOCU micro-processing station in Kinoni village, Kasese District, Uganda. Bukonzo Organic Farmers Cooperative Union Ltd (BOCU) is a fair trade coffee producer financed by Shared Interest.*

---

<sup>1</sup> Appendix 19: Social Audit Network Process

# OUR THEORY OF CHANGE



**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

## Long term outcomes

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



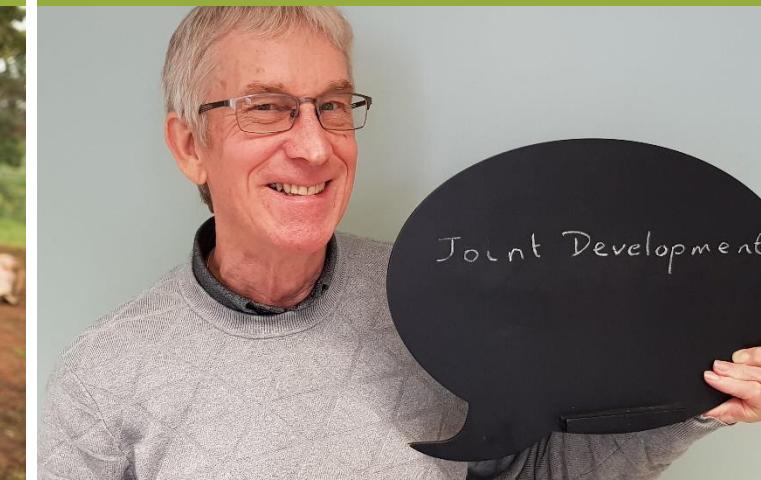
## Intermediate outcomes

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



## Short term outcomes

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



# About Shared Interest

## HISTORY

Our journey started in 1986 when development agency Traidcraft Exchange sponsored research into the role of banking and investment within the fair trade movement. It was discovered that the main challenge faced by those producing fair trade goods was access to working capital and buyers struggled 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 10,228 members in the UK, each investing between £100 and £100,000 with £4,517 as the average investment. This provides Share Capital of £46.1m. In 2004, Shared Interest established a subsidiary, Shared Interest Foundation. The charity delivers practical business support in the developing world, helping fair trade businesses to improve their governance systems and financial management as well as other business skills. The story of our past 30 years is detailed at [shared-interest.com](http://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.

Our annual Producer Committee meetings could not take place due to the pandemic. We carried out telephone interviews in their place, to ensure the producer voice remains within our governance and decision-making.

## 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<sup>2</sup>. 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 staff. In addition, a key aspects checklist<sup>3</sup> is produced by the Social Audit Network to enable standardised reporting on areas such as HR, governance, finance, and environmental / economic aspects.

<sup>2</sup> Appendix 17: Compliance with Statutory & Voluntary Codes

<sup>3</sup> Appendix 18: Social Audit Network Key Aspects Checklist

# 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. 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 individual producers to large scale coffee and cocoa co-operatives

and buyers. We offer a variety of lending options that enable our customers to finance orders; 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 page 8. 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 60. Read in conjunction with our Directors' Report and Accounts<sup>4</sup> and Foundation Accounts<sup>5</sup>, these activities and operations as well as our impact cover all areas of our organisation.<sup>6</sup>



*Handcraft producer working for Raymisa co-operative in Peru.*

<sup>4</sup> Appendix 1: Directors Report & Accounts

<sup>5</sup> Appendix 2: Shared Interest Foundation Accounts

# 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 and supporters

### Member communications and events

In order to fulfil our mission, Shared Interest Society depends on the support of members, donors, volunteers, and partners.

Our membership is diverse and includes faith groups, fair trade partnerships, small businesses, schools, and community organisations as well as individuals. We closed the year with 10,228 members with 68% of Share Accounts held by individuals. Investment increased by £3m, the highest amount recorded in several years, to reach a closing Share Capital total of £46.1m.

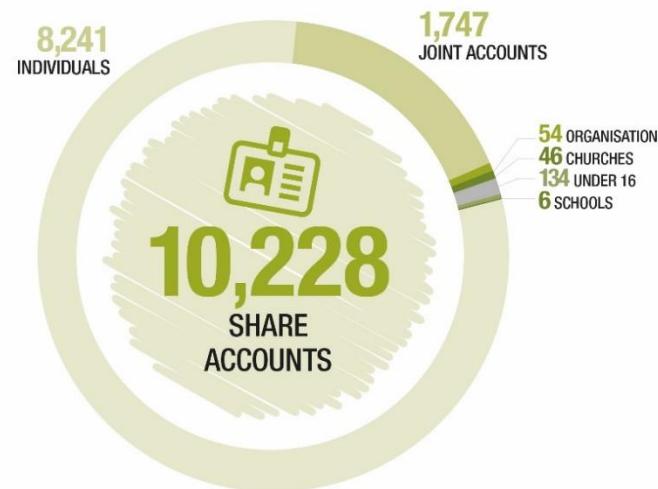
The average age of a member is 66, which has reduced from 68 over the past six years. The average age of a new member is 62, and the average age of a member when they close their Share Account is 71. However, the highest concentration of members stays within the 65-74 age category.

The average length of time a member holds a Share Account is 14 years and the average investment from a

new member is £519. This opening investment is 66% lower than the previous year, which we believe is largely due to the number of Share Accounts opened online, where individuals tend to invest a smaller starting sum than with postal applications. During the height of the

pandemic, we encouraged people to apply online due to disruption in the post, and increased our online presence with a series of advertising campaigns. We saw a net increase of 184 Share Accounts compared to 118 last year. Closures totalled 248 (2019: 266).

### MEMBERSHIP



### SHARE CAPITAL

NET INCREASE IN SHARE CAPITAL: **£3m**



Our Annual General Meeting (AGM) was held at the Baltic Centre for Contemporary Art, on Friday 13 March. Sadly, due to developments with Covid-19, members did not have the opportunity to meet our overseas team, producers, and special guests as part of our planned 30th anniversary celebration in the morning. However, our AGM went ahead in the afternoon, with 39 members present. Our supporter events planned for May and June, in Bristol, Leeds, Glasgow, and London were cancelled. However, members have continued to engage in other ways; this year 57 individuals were also active volunteers.



Liseth Galvis, Shared Interest volunteer

## Case Study

Elsa Fairbanks has been a Shared Interest investor for over 25 years. As someone who works in the food industry, specialising in international trade, Elsa understands the challenges faced by businesses globally.

Elsa said: “I became a member of Shared Interest in 1994, and I remember being aware of how tough it was then for coffee, cocoa, and sugar growers, and how they earned so little in comparison to the profits made by the companies they supplied. This inequality in the supply chain continues today, and Shared Interest remains a practical way to support producers in disadvantaged communities – to create a fairer world.

“I have been part of the fair trade movement for as long as I can remember, and when I was growing up, I was always encouraged to ask why things are done in a certain way and ask if it was right or fair. This has stayed with me throughout my life, and when I saw Shared Interest’s leaflet in a magazine, I knew it was something in which I wanted to be involved.

“In its 30th year, Shared Interest is more relevant than ever. As the world adjusts to a new way of living amidst the coronavirus pandemic, there continues to be a growing need for finance so that businesses and

communities in the developing world can survive.”



## Our communication

We use a range of communication channels to engage with volunteers, current and potential members, and other key stakeholders.

The majority of our volunteers are also members, and so as well as their dedicated e-newsletter, they receive our quarterly member newsletter, Quarterly Return (QR). QR has developed in line with our brand over the past 30 years. However, its main objective has remained the same: to inform and engage individuals on the impact of their investment. In 2018, our triennial Member Survey revealed that there was an appetite for more in-depth features and sector-related information and QR was adapted accordingly. In 2019, we commissioned a new design agency to produce four issues for our 30th year, developing a format that embraced our feature-led approach, and included one commemorative edition. Following the impact of Covid-19, we included additional pages to report on the challenges facing producer communities. The newsletters were very well received, with members contacting us directly with messages of appreciation for the detailed regional updates included.

Each year, we also continue to produce an Annual Review, and include a summary booklet within Winter QR. Our younger investors receive a ‘Little Book of Fairness’, which is a children’s version of the Annual Review. Following changes to Society Rules last year, which included allowing individuals under the age of 16 to hold a Share Account, engaging our younger audience has become even more crucial.



2019 Annual Review

We continue to liaise with local schools who are interested in covering the topic of fair trade within the curriculum. This year, we were unable to carry out all of our school visits due to the impact of the pandemic.

However, the classroom presentations that went ahead were successful and we are adapting our approach so we can continue to work with schools next year.



Children's Annual Report

We continued to use either in-country photographers, or photographers who are already visiting the country in question. We also continued our membership of the People in the Pictures group, run by international development network, Bond. This is part of our aim to ensure that our content gathering is ethical and supports contributors' rights to participation and protection. The group follows and develops a set of guidelines to cover the process of filming, photography and interviewing, as well as the selection and use of images and stories, with the aim of achieving sector-wide best practice.

We will continue to monitor worldwide restrictions as we consider our content gathering for the year ahead.

## Promotional activities

Print advertising campaigns have proved an effective means of generating new enquirers, particularly when editorial features and/or digital activity support them. As such, we use an integrated approach and plan our campaigns to dovetail both online and offline platforms. Insert campaigns form the backbone of our activity, and this year we maintained our relationship with titles such as Amnesty magazine, The Big Issue, and Guardian Weekend magazine, running 11 campaigns in total. A further three campaigns were delayed due to Covid-19. Campaign analysis shows that subscription-based publications were very effective from March 2020 onwards; insert campaigns in off-the-shelf titles were less successful and we believe this was due to lockdown restrictions causing lower footfall on the streets and in retail stores. The pandemic continues to affect consumer behaviour in this way and we will take a more focussed approach on subscription-based titles and digital activity as a means to raise investment for the coming year.



Cover wrap on The Big Issue for Fairtrade Fortnight

Throughout the year, we supported relevant campaigns, which were connected to our work. These included Good Money Week, World Fair Trade Day, and Fairtrade Fortnight. Run by the Fairtrade Foundation, Fairtrade Fortnight provides an annual opportunity for Shared Interest to improve general brand awareness. This year we again supported the Fairtrade Foundation 'She Deserves' campaign, running from 24th February – 8th March. A continuation from the previous year, the campaign developed the call for fair and equal pay for women cocoa farmers. As part of this, we commissioned an advertising campaign on the Tyne and Wear Metro, as well as a cover wrap with The Big Issue.

We continue to work with an external agency to improve Search Engine Optimisation (SEO) performance on our website. This year we saw 19,783 (2019: 18,064) individual web visitors, a 7% increase on the previous year. The percentage of visitors using either tablets or mobile phones, increased to 40% (2019: 31%); a trend that we expect to continue.

Over the course of the year, 287 people opened a Share Account online. A total of £855k was invested online, 16% of overall investments made (2019: £487k). During the pandemic, we encouraged members to manage their Share Accounts online to reduce the need for print and postage. Between March and September 2020, many members provided email contact details and we now have 40% of our members using the member portal for communications. In our AGM, 53% of votes received were placed using the online system compared to 27% last year. All subscribers to the portal receive a quarterly e-newsletter and this achieved an average open rate of 60%, which is a strong result, given the industry standard is just under 20%.

We have continued to develop our social media activity, using a scheduling platform, which allows us to take a strategic, campaign-led approach, freeing up time and resource to engage with users. Twitter, Facebook, and

Instagram followers have increased. Facebook likes have increased by 3% to 1,855.



**Shared Interest**  
@SharedInterest  
An ethical investment organisation. Working together to provide fair finance in disadvantaged communities. #investinfairerworld  
④ Newcastle ⌂ shared-interest.com Joined January 2009  
2,301 Following 8,151 Followers

**Shared Interest @SharedInterest**  
In our latest blog our MD @PatriciaA\_SI talks about the severe impact #Covid19 is having on developing world communities & just how vital the #Fairtrade Premium is proving to be @FairtradeUK <http://bit.ly/2YI2QEO> pic.twitter.com/KVu10lVvYx

Impressions	3,622
Total engagements	64
Media engagements	14
Retweets	12
Likes	11
Link clicks	10
Detail expands	10
Profile clicks	6
Hashtag clicks	1

Twitter post and analytics from @SharedInterest in August 2020

## Awards

This year has brought Shared Interest a high amount of award success. In December 2019, our Managing Director, Patricia Alexander was named winner of the Global category for the North East Times Impact Awards. The Impact Awards highlight those people based in the UK, who have made an exceptional impact across five key areas – financial, global, regional, profile and innovation.

In April, Shared Interest received the Queens Award for Enterprise in the Sustainable Development category for the third time (previously recognised in 2008 and 2013.)



Just a month later, we were announced a NatWest SE100 Impact Management Champion and named as one of the Top 100 Social Enterprises in the UK.



We were also shortlisted within the Enterprise Category of the Third Sector Awards.

Receiving these awards presented us with opportunities to raise our profile and we subsequently featured in a range of online and print titles.



Shared Interest, Managing Director, Patricia Alexander with the SE100 award.

## Volunteer communication and events

We continue to adapt our volunteering strategy to harness evolving motivations and needs. This year brought further changes to the ways people engage as volunteers, especially our Ambassadors who usually attend events on our behalf. Due to the restrictions imposed by the pandemic, presentations, stalls, and talks were postponed, cancelled, or moved online.

We continued to encourage more informal micro volunteering from members and supporters. This term is used to describe activities such as helping with social media engagement. We also continue to recruit volunteers for data entry and translation tasks. More information about volunteer roles can be found in Appendix 13<sup>7</sup>.

This year, 92 volunteers were involved Shared Interest overall. This included 11 volunteers who joined us and we said thank you and farewell to 20 volunteers.

As we have increased the number of volunteer roles we offer, we have seen a growing number of volunteers carry out more than one role with us. In addition, as we have introduced more short-term roles, a volunteer may have begun and ended their volunteer role with us within the year.

We aim to inspire, motivate, and empower our volunteers in their roles, and encourage their self-development. Last year we reviewed our volunteer induction process to reflect this, helping us to identify any training needs at the start of their journey with us.

We update volunteers on operational activities and stories showing our impact throughout the year. We recognise the achievements of our volunteers and continue to mark the national celebration of Volunteers' Week.

We believe that every volunteer contributes to the achievement of our mission. By giving talks, translating, researching, entering data, and - under normal circumstances - running stalls at events, volunteers support us in reaching our organisational goals.

Our translator volunteers used their skills to convert 27,685 words into French and Spanish across our websites and other materials.

This year, we asked our volunteers to list three words that best describe what it is like to volunteer at Shared Interest and the results are shown the word cloud below. The size of the words correspond to the frequency of use.

We have arranged webinars with volunteers for a number of years now and they became an especially useful engagement tool during the pandemic. We were able to develop themes and topics for content relevant to the

changing situation, such as sessions on getting involved with social media. They also provided an opportunity to chat with volunteers about how their roles had changed as a result of the lockdown rules being applied across the UK, and discuss alternative ways to support us. There was increased interest in these webinars during the first few months of lockdown in the UK, and we believe this was due to people becoming more familiar with the technology involved.



## <sup>7</sup> Appendix 13: Volunteer Roles

Feedback from volunteers on the webinars included:

*"I think my nearest Ambassador is 30 miles plus away so it is a good way of feeling part of a Shared Interest network."*

*"I find that extra bit of knowledge I glean helps with presentations."*

Following interest in presentation skills training from Ambassadors, we arranged a Speaker Skills event in partnership with Oxfam, CAFOD and Christian Aid in November, which was attended by 17 volunteers across all four organisations. By collaborating on this session, we were able to offer a broader training opportunity than we would individually.

We have tried new ways to engage volunteers over recent months, which included a 'knollings' project. This took place during Volunteers' Week in June, to mark our 30th anniversary, and involved volunteers taking a 'flat-lay' photograph of items that represent what Shared Interest means to them. The results were featured as blogs on our website and it was encouraging to see the posts receiving engagement through the comments tool.

We use our @SharedIntVols Twitter account to raise the profile of volunteering at Shared Interest. Over the year, we supported the #YouMadeItHappen campaign run by NCVO (National Council for Voluntary Organisations) in October 2019, the United Nations (UN) led campaign International Volunteer Day on 5th Dec 2019, and Volunteers' Week in June 2020. We also use the account to promote vacancies and highlight the activities of our volunteers.

*"The help we receive from our volunteers, especially in unique scenarios like this one [Covid-19], is invaluable. You really have made a contribution to the cause. Thanks again." Quote from Shared Interest colleague*



Examples of the Shared Interest volunteers 'knollings' project



# Partnerships

Shared Interest works in partnership on an international level with organisations that share our values. These partnerships help us make meaningful contributions towards the achievement of the United Nation's Sustainable Development Goals.<sup>8</sup>

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. Last year, we started exploring in detail with our partners, which SDGs they felt aligned with our work. We spoke to the Council on Smallholder Agricultural Finance (CSAF) and the World Fair Trade Organisation (WFTO). This year, we spoke to representatives from the Fairtrade Foundation and the Latin America Fairtrade Network, CLAC, to explore our partnership and discuss the role of the SDGs.

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

1. No Poverty,
5. Gender Equality
8. Decent work and Economic Growth
12. Responsible Consumption and Production
17. Partnership for the Goals.

Working towards these goals gives purpose to our partnerships and helps demonstrate how we are part of the wider movement towards ending global poverty.

## SUSTAINABLE DEVELOPMENT GOALS



<sup>8</sup> Appendix 20: The 17 Sustainable Development Goals

## Case Study

The Fairtrade Foundation is an independent charity that focuses on four key areas of work:

1. They license the use of the FAIRTRADE Mark in the UK
2. Helping to grow demand for Fairtrade products and empower producers to sell to traders and retailers
3. Finding new ways of working with partners to support producer organisations and their networks
4. Raising public awareness of the need for Fairtrade and the significant role of Fairtrade in making trade fair

Shared Interest has worked with the Fairtrade Foundation in many different ways over the years, and our charity, Shared Interest Foundation, remains a member. Three members of our Marketing and Engagement Team sit on the Marketing Hub hosted by the Fairtrade Foundation, where they dial in once every quarter to share communication plans and activities with other fair trade organisations.

We wanted to explore other ways in which Shared Interest partners with the Fairtrade Foundation, and spoke to Adam Gardner, Acting Head of Campaigns, to discuss this. First, we asked which key piece of learning from the past year he would share with partners. He said:

*“Covid-19 has reinforced the importance of producers having access to finance under their control so producer organisations can respond to the most pressing local needs, and be more resilient to supply chain shocks.*

“We’ve always known that paying a higher, fairer price and putting more power in the hands of farmers to be able

to invest in the communities and organisations was key. But seeing how Fairtrade Premium, and the Fairtrade Producer Networks have been used by producers to support the most vulnerable in their communities, and carry on providing many of our favourite products safely highlights the role of producers in making supply chains more resilient.

“These learnings are important as governments, companies and others are looking to mitigate and respond to the impact climate change is increasingly having on producer communities and supply chains.

“We have always known that is the power of the Premium that makes Fairtrade unique, with the strength being held in the transparency of funds, and farmers deciding how they are spent.”

Commenting on Fairtrade Foundation’s alignment to the SDGs, he said:

“SDG 1, 2, 12 and 17 are the most aligned with Fairtrade’s over-arching work, however we also focus on 5, 8, 13 and 16.”



Cayat co-operative, cocoa producers in Côte d'Ivoire. A Shared Interest customer who featured in the Fairtrade Foundation's Fairtrade Fortnight campaign

On the specific case of Shared Interest’s partnership with Fairtrade Foundation, he stated:

*“Shared Interest is an important part of the fair trade movement in the UK so we are partners in a number of ways. Shared Interest’s work providing finance to producer organisations complements the Fairtrade certification, and work in the UK with Ambassadors is strongly aligned with Fairtrade’s mission to raise awareness and inspire action from the UK public.*

“Shared Interest Ambassadors often take part in our supporter conferences, taking a stall, or speaking as another voice from the sector. There is a nice overlap in that both organisations are part of the broader movement, with supporters and community groups engaging at grassroots level.

“Our partnership offers a richer understanding of challenges facing farmers such as low income. With activities moving online this year, it will be good to continue conversations with Shared Interest on how we can progress our partnership further.

“There is probably scope to better understand the interplay between Shared Interest finance for Fairtrade certified groups, or those in the process of reaching it, and Fairtrade interventions with producers.”

We look forward to developing our partnership with Fairtrade Foundation and exploring further links between our organisations.



## Case Study

The Latin American and Caribbean Network of Fair Trade Small Producers and Workers (CLAC) co-owns the Fairtrade International system. CLAC is the network that represents all organisations certified Fairtrade, in Latin America and the Caribbean, as well as those within the general fair trade sector. Its mission is to represent and promote the interests, empowerment, and development of its members and communities, with the key focus of assisting smallholder farmers.

Shared Interest and CLAC have partnered in different ways over the years. Shared Interest Regional Manager for Latin America, Paul Sablich, said: "CLAC is a regional network, which has its roots in Fairtrade International, and was created as a way of supporting producer groups, responding directly to their needs. Shared Interest will often speak to CLAC officers for insight into how a producer group operates as part of our due diligence process."

We spoke to Miguel Ángel Munguía Gil, President of CLAC, to explore our partnership further.



Apicoop are honey producers based in Chile. They are a Shared Interest customer and member of CLAC.



Honey produced by Apicoop co-operative

When asked about which key piece of learning from the past 12 months he would share with partners, Miguel spoke about how workplace interactions have changed, saying: "The most impressive thing has been the Covid-19 pandemic that radically changed our lives - physical meetings ended and virtual ones intensified."

He noted that CLAC aligns well with SDGs 1, 2, 3, 5, 7, 10, 12 and 13. On the partnership between CLAC and Shared Interest he said:

*"Shared Interest is committed to fair trade and therefore finances several organisations in our network with operating capital.*

*"We know you are a major UK-based finance provider but we would like to know more about your impact on UK consumers."*

We are continuing the conversation with CLAC to discuss our impact in the UK, and explore other connecting aspects of our work.



Beekeepers Educe based in Nicaragua are Shared Interest customers and members of CLAC.

# Our lending

We lend in two ways: directly to fair trade producer groups (producer lending), and to fair trade wholesale or retail businesses (buyer lending). Although we offer term loans, the majority of our lending can be classed as short-term rolling facilities, providing working capital to help producer groups fulfil their orders or to help purchase stock. Eighty-one percent of funds lent to buyers are used to pre-finance orders. Fair trade buyers are required to provide producers with a part payment on placing the order. We send this money to producers on behalf of the buyer. These are referred to as 'recipient producer payments'. In both cases, 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 value of payments made is greater than the value of funds invested.

The need for finance has become even more critical due to the disruption to trade caused by the pandemic. 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.

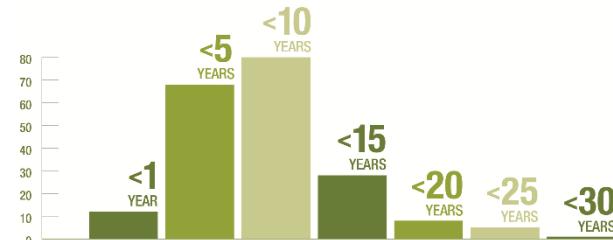
Over the past year, we provided access to finance for farmers and artisans across Africa and Latin America, and fair trade buyers in the Northern Hemisphere, extending our support indirectly to producers in Asia. Our aim is to be a trusted and respected provider of ethical finance, with a particular emphasis on working with 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.

Following close monitoring of the increasing risks and uncertainty brought about by the pandemic, additional controls for each payment were applied, along with increased communication with producers and other actors in the supply chain. Despite the challenges faced, most of our customers continued to operate, producing and/or exporting the majority of goods as projected.

## Customer communication and events

We pride ourselves on offering good customer service, working with producers and buyers through times of hardship. Sixty percent of our customers have been with us for more than five years. The graph below shows the number of customers who have been with us for one year or more. This includes a 26-year term with our longest-standing customer, a coffee trader in the USA, and four producer customers, who have each been with us for 18 years.

No. of customers per year with Shared Interest



Under normal circumstances, we keep in touch with our customers through regular visits, as well as email and telephone conversations. This year, we were able to carry out a total of 40 customer visits across all regions before the coronavirus outbreak was declared a pandemic. Following this, we introduced a virtual due diligence process and additional controls, along with a variety of digital platforms to maintain communication.

Likewise, we have participated in a fewer in-person events, and increased our attendance at virtual fairs and

conferences such as Peruvian food and beverages event Expoalimentaria and the WFTO Europe AGM.

## Customer recruitment and portfolio growth

Our portfolio is split into three regions: Africa, Latin America and Northern Hemisphere and Pacific Rim (NHPR). We have an overseas presence in Costa Rica, Ghana, Kenya, and Peru, where the local knowledge has helped us grow the proportion of direct producer lending.

In total, we have 202 customers, consisting of 174 producer groups and 28 buyers. We approved 36 new lending proposals (16 new customers and 20 facility increases for existing customers) totalling £8.3m in the year (including coffee £3.7m and cocoa £2.5m.)

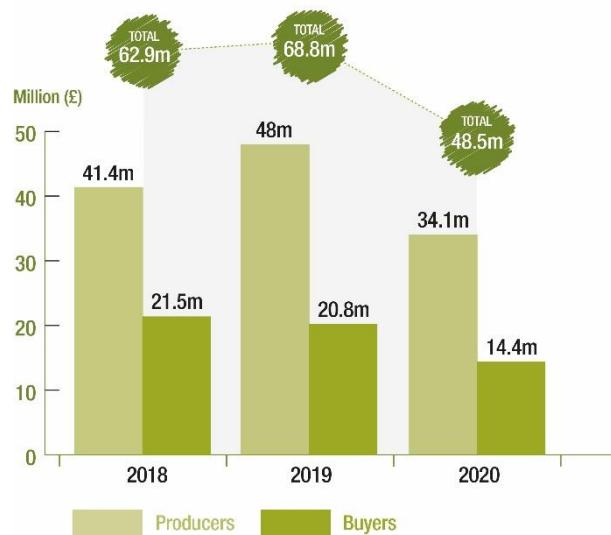
Overall, there was an increase in lending but the number of payments decreased by 30% compared to the previous year, due to a number of factors. This year, many buyer orders were delayed due to the pandemic, which meant that, in some cases, repayment periods for short term lending were extended. For example, instead of a producer borrowing against two orders during the year, they have borrowed funds against one order but for a longer period.

Furthermore a number of customer accounts were closed. Some organisations ceased trading; others were identified as higher risk due to governance issues or we felt that a different management structure was required before providing additional funds; other existing customers did not borrow at all. In the last six months, Covid-19 has had a detrimental impact on the global economy, reducing demand and changing consumer behaviour. For instance, there has been a lower demand for specialty coffee resulting in a reduction of orders from international buyers. Consumers have also opted for less expensive coffee, which has impacted South American farmers in particular. In addition, producers have faced higher operating costs in order to introduce new ways of working

due to the pandemic. To compensate, they have used our finance even more prudently to reduce financial expenses.

Producers in the textile and handcraft sectors have been the most affected across all regions. Between March and June, many producers were not able to send their goods and payments from their buyers were postponed.

### Total payments made



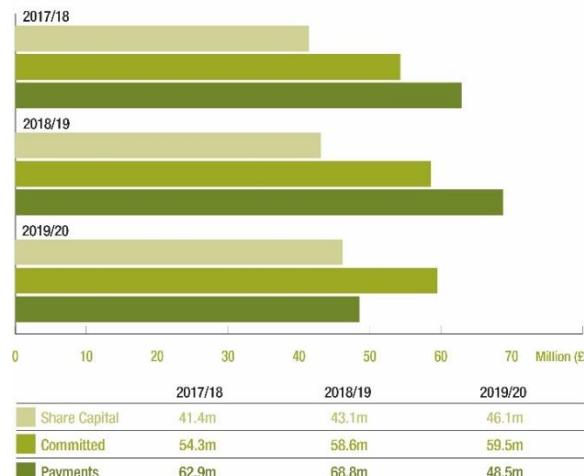
In addition, many buyers sell to retailers and as a result experienced very low sales between March and June, at the height of the pandemic, and were left with more stock than anticipated. However, by selling the goods at lower prices, they were able to sell most of the stock and, since mid-September, we have seen an increase of payments made to handcraft suppliers, in particular for new orders.

The committed value lending limit is higher than the value of Share Capital held (at 135%) as not all customers borrow at the same time. The committed value represents

facilities where funds are ready to be drawn by the customer. The value has slightly increased (£59.5m compared to £58.6m in 2019) due to facility increases provided to some existing customers, as well as approving 36 new facilities.

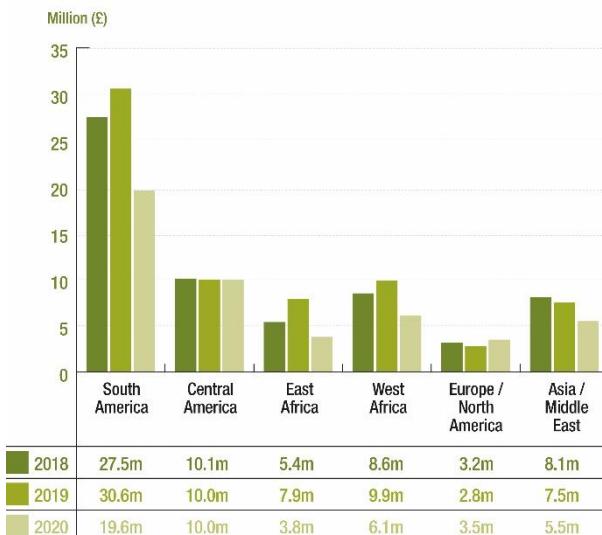
Of the total payments made on behalf of buyer customers, a large proportion (38%) went to Asia and the Middle East. Due to political and economic constraints, it is difficult to lend directly in these regions, therefore our relationships with buyers are essential to reach disadvantaged communities here. The decrease in payments is partly due to the pandemic as detailed on page 20. However, it is largely linked to challenges within the craft market as many buyer organisations in the Northern Hemisphere have been forced to either cease trading or reduce their handcraft purchases due to declining sales. Unfortunately this has negatively impacted some producers in Asia, most particularly India and Bangladesh, where the majority of handcraft producers are located.

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



As seen in the graph below (total payments per region), South America continued to receive the highest volume of payments, representing 40% of total payments made. This is due to the high number of coffee producers based here.

**Total payments per region made to producers and on behalf of buyers**



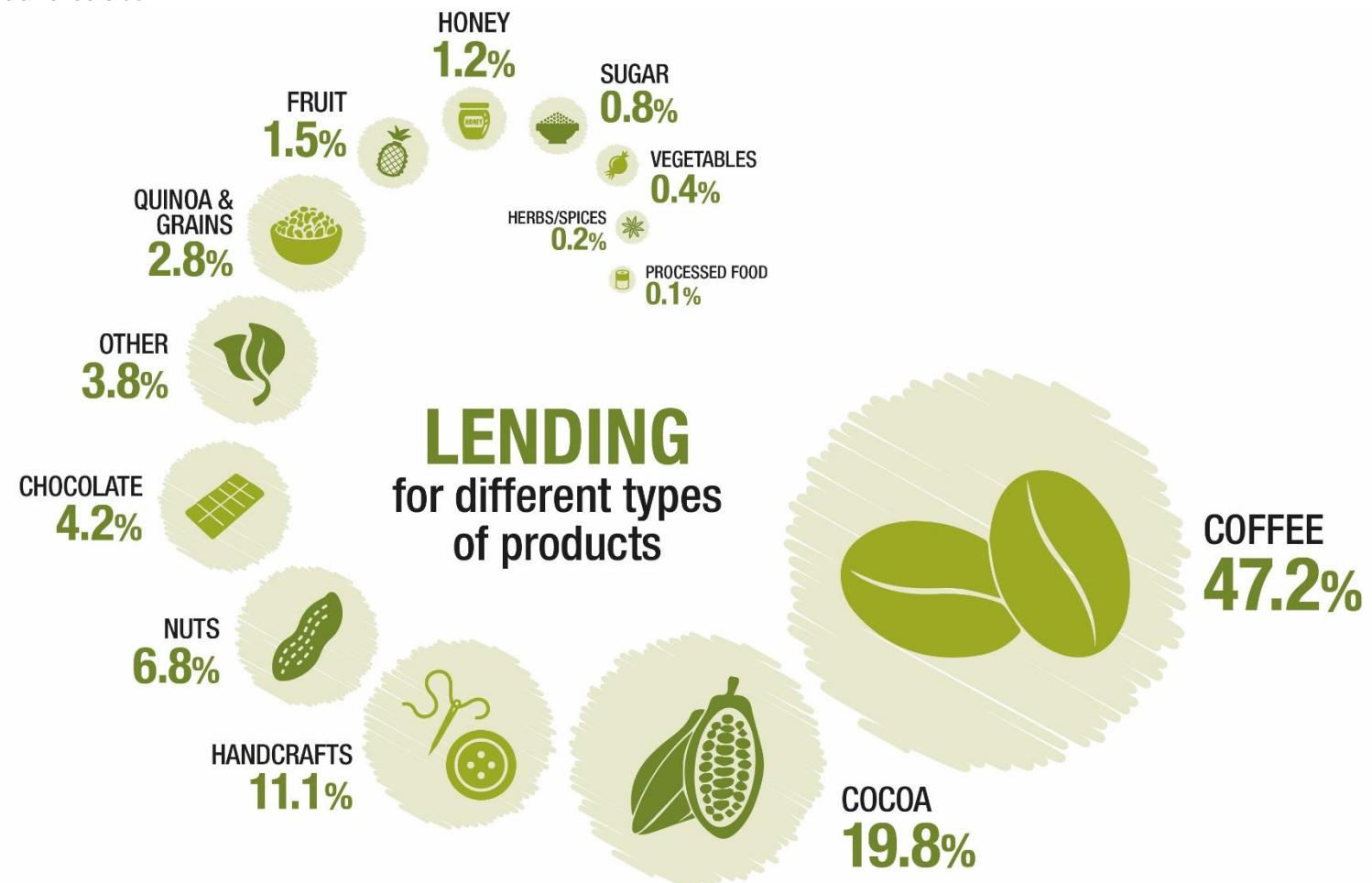
Coffee remains our largest focus, mainly due to the scale of Fairtrade coffee production, with more than half of all Fairtrade certified producers growing this commodity. The total lending for coffee has increased from 44% in 2019 to 47% in 2020.

Similarly, lending to support the trade of nuts increased from 5% in 2019 to 7% in 2020. Some of our buyer organisations have indicated that, during the peak of the pandemic, nut sales recorded higher numbers than budgeted, and so additional orders were pre-financed.

However, in contrast, our lending to cocoa decreased slightly from 21% in 2019 to 20% in 2020.

Handcraft and textile products continue to have an important place in our lending as we maintain our focus on small and disadvantaged producer groups. We believe this is vital because the majority of other social lenders do not offer financing to this sector. Our lending to these producers did decrease from 15% in 2019 to 11% in 2020, partly due to a reduction in orders following the outbreak of Covid-19, as explained above.

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



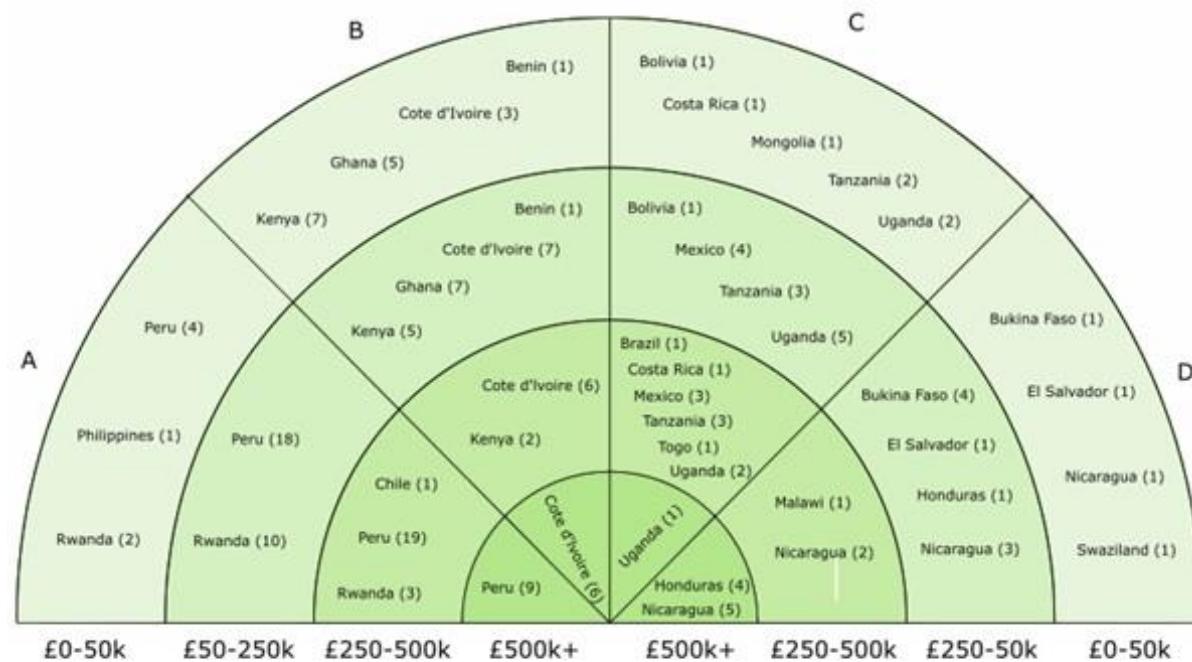
## Due diligence and management of our risk portfolio

We balance the desire for our lending to reach those who need it most, with the need to avoid placing our members' capital at excessive risk. To achieve this, we implement a rigorous due diligence process, including customer visits. Due to travel restrictions in the second half of the year, we developed additional controls as mentioned on page 20.

To control our country-related risk we use an independent evaluator organisation called Coface<sup>9</sup>, which provides a country categorisation of A to D, with D being the riskiest. Prudential limits are then set to manage our exposure to countries in C and D categories. According to Coface, corporate insolvencies are set to increase by one third worldwide between now and 2021. The pandemic has further weakened sectors that were already vulnerable, including retail, and textiles/clothing. This rise in country risk, as assessed by Coface (using macroeconomic, financial and microeconomic data), is reflected by 71 Country Risk Assessment downgrades, i.e. slightly more than 40% of the economies covered worldwide.

A more detailed explanation of country risk can be found in the Appendix 7<sup>10</sup>

The adjacent chart shows the number of producers we lend to in relation to their country risk category. During the year, seven countries changed country band: Kenya from A to B; Costa Rica, Mexico and Brazil from B to C. El Salvador; Honduras and Burkina Faso from C to D. This is due to different economic and political factors within these countries.



<sup>9</sup> Appendix 8: Coface Report

<sup>10</sup> Appendix 7: Explanation of our Country Lending Risk and Analysis of Producer Lending

The producer groups we finance support 352,122 farmers and artisans (2019:396,973). We believe that the reduction in this year's total is due to the account closures of some larger co-operatives. From this year's overall figure, 35% are women (2019:36%) and 8,516 are permanent employees (2019: 8,825). We estimate, based on annual review data, that collectively, these businesses earned £802.2m. This is an increase from last year's total of £751.2m.

## IN 2020 WE LENT MONEY TO...



As most of our customers report on their income in December each year, these figures are not reflective of the impact of the pandemic. Sales began to decline in March, and this will be illustrated in income levels reported in December 2020. It is also important to note that we are unable to quantify what proportion of this increase in income was related to Shared Interest support.

However, the case studies on pages 28 and 50-55 provide examples of how we have contributed to the growth of producer businesses.

## Our lending in Latin America

Despite progress made towards the achievement of the Sustainable Development Goals, analysts estimate that 'lending volumes are nowhere near what is needed to achieve the sector's impact potential because the lending economics simply don't work to reach the majority of the unmet market demand.' (CSAF State of the Sector Report 2020<sup>11</sup>.)

According to a report from the Food and Agriculture Organization of the United Nations (See Appendix 6<sup>12</sup>), Latin America and the Caribbean is a major food exporting region, responsible for 14% of the world's production of agricultural and fisheries products. This region exports 160 billion USD' worth of products annually. Eighty-seven percent of these are destined for other regions of the world. (OECD and FAO, 2019).

Of the 174 producer groups in our lending portfolio, 81 are based in Latin America (47%), representing 52,038 producer individuals. This year, payments made totalled £26.8m (2019: £34.7m) (see adjacent graph). The reduction by £8m was due to reasons stated above. Peru had the largest value of total payments totalling £16.3m.

During this financial year, the region attracted 11 customers, and 20 new or increased lending proposals were approved, representing a facility value of £4.8m (2019: £3.7m). The majority of these were focussed on trade finance (18), and the remaining two were term loans. In line with the aim of diversifying products supported by our lending, we approved new facilities for mango, quinoa, and sugarcane producers, along with increasing existing facilities for coffee, honey and cocoa producers. The majority of new or increased lending was provided to coffee producers (13).

## Payments made to producer customers in **LATIN AMERICA**



**IN 2020...**



WE APPROVED

**20**

**PRODUCER LENDING  
PROPOSALS**

THIS INCLUDED

**11 NEW CUSTOMERS**

AND

**9 EXISTING  
CUSTOMER INCREASES**  
FOR 5 DIFFERENT PRODUCTS

<sup>11</sup> Appendix 5: CSAF State of the Sector Report 2020

<sup>12</sup> Appendix 6: OECD-FAO Agricultural Outlook 2019 – 2028

## Our lending in Africa

The agriculture sector employs about 70% of the population in most sub-Saharan African countries and accounts for 25% to 30% of GDP, yet the sector receives less than 5% of commercial bank lending (CSAF State of the Sector Report, 2019<sup>13</sup>). Of the 174 producer groups in our lending portfolio, 91 are based in Africa (52%). This represents 307,001 producer individuals, including 112,413 women.

We made £7.3m of payments to producers in Africa, equalling 21% of the total payments sent to producer customers this year, and a decrease of 46% compared to last year.

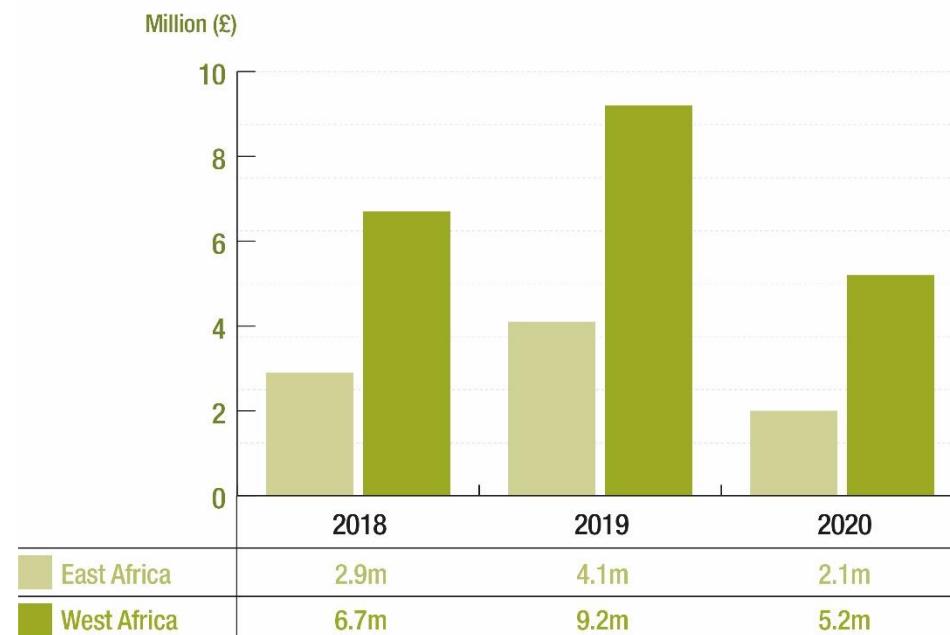
In West Africa, we continued to lend mainly to cocoa producers. A large proportion of the world's Fairtrade cocoa is produced in Côte d'Ivoire and payments totalling £4.8m were made to seven customers there (last year £8.8m to 12 customers).

Some of the small co-operatives in this region have grown to a size where they can export their cocoa, which means more financial support is required. We have successfully supported four businesses to move from trading on a local level to exporting directly. We provided finance to support organic soya beans in Togo, which is a country we have not worked in before.

In East Africa, we continued to increase our lending to coffee producers, with three new lending proposals approved for this commodity.

Across Africa overall, 11 lending proposals were approved, combining both new and existing customers and representing £2.8m in facility value.

## Payments made to producer customers in **AFRICA**



**IN 2020...**



WE APPROVED

**11**

**PRODUCER LENDING PROPOSALS**

THIS INCLUDED

**3 NEW CUSTOMERS**

AND

**8 EXISTING CUSTOMER INCREASES**

FOR 5 DIFFERENT PRODUCTS

<sup>13</sup> Appendix 4: CSAF) State of the Sector Report 2019

## Our lending in Northern Hemisphere and Pacific Rim

This region consists mainly of buyer organisations based in North America and Europe with two producers in Asia, bringing the total number of customers in this region to 30. Shared Interest is one of the few social lenders to provide credit facilities to buyer organisations in the Northern Hemisphere.

It is important to note that fair trade buyers are required to provide producers with a 50% payment on placing an order as per the WFTO Fair Trade Principles ([wfto.com/our-fair-trade-system](http://wfto.com/our-fair-trade-system)). 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'. The lines of credit provided to buyers allow them to not only improve cash flow, but also to pay artisans and/or farmers upfront, to enable them to secure the raw materials, in order to deliver the goods on time.



Lemberona are a buyer customer in Austria working with various fruit producers.

In addition, many buyer organisations send payments to producer groups that are too small or too risky for Shared Interest to support directly, or are located in countries

where we cannot provide funds. The majority of recipient payments are sent to Asia, primarily to India, Uzbekistan, Bangladesh, and Nepal, where there is a large concentration of fair trade producer organisations. We are unable to lend directly to producer organisations in these countries due to their financial regulations (also including Pakistan) but by providing a facility to buyer organisations, we can indirectly assist these producers to access working capital.

In the Northern Hemisphere and Pacific Rim region, there were five lending applications were approved for five products, including a handcraft producer in Mongolia. We made 1,008 payments on behalf of buyer organisations to 155 organisations in 46 countries, totalling £ 14.4m.

The graph adjacent shows a breakdown of payments made to producer organisations who do not hold an account with Shared Interest but who do receive payments from us on behalf of their buyer partners. The total payments shown on the graph below equal £14.4m a decrease from £20.8m last year, reflecting changing market conditions, account closures, and the impact of the pandemic.

The portfolio in this region is diverse; there is no predominant crop or product. Most customers are importers who sell a variety of products ranging from processed foods such as cookies and cereal bars, to jewellery, clothes and home décor.

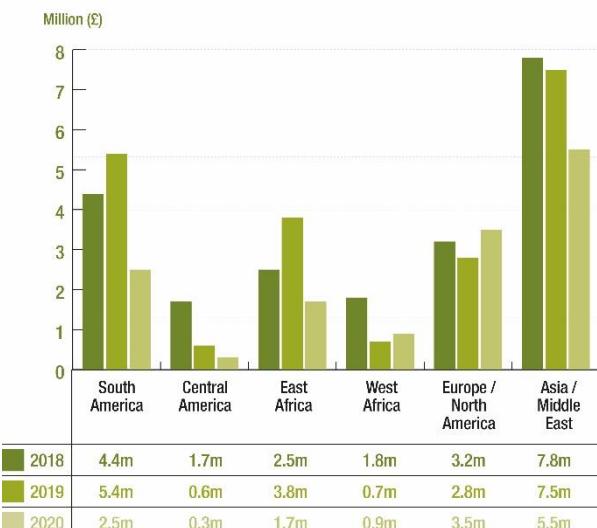
Shared Interest works with many buyers, who need to balance stock levels to meet demand. Other buyers might only negotiate contracts with producer groups if their customers have asked specifically for their products. In both of these instances, our line of credit plays a crucial role, as without the availability of these funds, the buyer would not be able to make a payment to the producers.

The region has seen a decrease in customer numbers as some businesses ceased trading or closed their accounts,

in some cases due to lower financing needs. Overall, we have seen a rise in enquiries from textile and fashion businesses, which we believe may be due to increasing consumer demand for ethically sourced materials.

Following our Strategic Review, which emphasised the aim of increasing direct lending to producer groups in Asia, NHPR continued its research on this region, although this is now restricted to a desktop analysis.

Total payments made on behalf of buyer customers by region



## Case Study

Lucuma Designs, was founded to create opportunities for Peruvian artists. The US-based organisation works with women from the Aymara community, an ethnic minority living on an Andean plateau near Lake Titicaca.

Alessandra Bravo and Don Blackowiak founded the fair trade company over 20 years ago.

Alessandra said: "I felt the need to give back to my country and stay connected, so Don and I combined our talents and creative juices to provide work for top artists in need. All this while having fun, inspiring and guiding the creation of beautiful, handmade gifts that tell a story."

Lucuma Designs strives to keep traditional crafts alive and collaborates closely with approximately 300 artisans within 22 small groups, and family workshops throughout Peru. Eighty percent of artisans are women, and knitting provides a supplementary income that empowers them to have a greater voice within their households and communities.

"Even though many of our knitters were not able to complete primary school, they tell us how their earnings have provided better nutrition and education for their children. It is rewarding to see that many are already proud parents of college graduates!"

With its sister organisation in Peru, Apumano S.A.C., employing five people on the ground, Lucuma can keep in daily contact with artists to co-ordinate production. They also provide business know-how, free consulting, and interest-free loans as needed.

To measure their impact, they conduct periodic interviews and visit their workshops frequently. Over the years, they have seen noticeable improvements in many groups. Five years ago, they created an after-school programme through the group leader's church to support carvers, which now provides meals for over 300 children in their community.

In August 2016, we provided Lucuma Designs with a Buyer Credit Facility to help them overcome cash flow



Ana Santiago of Artesanía Urpi in Cochabamba, Peru

issues, created by a sales peak between September to November, making it difficult to build stock for the season. With the approved credit, they were able to improve their production management, place advanced orders with their artists, and increase their range of goods. This reduced the number of lost orders due to out-of-stock items during the busiest season.

*Alessandra continued: "Since our beginning, we trained our artist partners to show us only their best quality products. It was tough for them at first, but thanks to the training, they have managed to grow with us. We have been working together with many of our groups for over 15 years."*

Sadly, the pandemic has affected all levels of their supply chain, and strict lockdown restrictions mean that producers cannot rely on their small amount of secondary income from farming, as many are unable to transport

their crops to market due to the government permits required.

Lucuma Co-founder Don Blackowiak said: "The Peruvian government has made a special payment to the poorest families, but so far only a single family qualified for this, out of nearly 300 artists who work with us, so we are looking for ways to keep supporting our artists as much as we can.

"Our gourd carvers have isolated themselves in the village of Cochabamba and are limiting access to the community. As a result, workshops have been entirely or partially closed since mid-March. Many of the carvers also have fields to attend, and are working on them as they can.

"However, with the dry season approaching, we worry very much for our artists if they remain unable to work or to transport their goods.

---

*"Lucuma is one of the biggest gourd buyers in Peru thanks to Shared Interest. The steady work, the loans, combined with the hard work of the carvers themselves, has truly made a difference.*

---

*"We are committed to learning our lessons and becoming more resilient to get through these difficult circumstances, using this time to reach out to our artists so we can gather and share their stories. We feel that this crisis will open people's hearts to the needs of others less fortunate around the world."*

---

# Number of customers per country in 2020

📍 Location of Shared Interest office



# Where we made payments in **2020**



THIS YEAR WE MADE  
PAYMENTS TOTALLING  
**£48.5m**  
TO **230 ORGANISATIONS**  
**IN 51 COUNTRIES**

# Financial stewardship

Stewardship is defined by Shared Interest as doing the best we can with the resources entrusted to us. We consider stewardship in all aspects of our financial work.

Shared Interest Society and Shared Interest Foundation have prepared their accounts this year under UK Generally Accepted Accounting Principles (UK GAAP), reporting under FRS102. More details on the operational finances of Shared Interest Society and Shared Interest Foundation can be found in our 2020 Financial Accounts.

**Financial controls:** Significant emphasis is placed on robust financial controls<sup>14</sup>. Our procedures for budgeting, financial reporting and secure payment authorisation can be found in the Appendix 15<sup>15</sup>. Our internal controls are regularly reviewed, updated and audited. This year's audits again raised no issues.

**Procurement:** We also follow a documented approach to procurement. This ensures that, as far as possible and practical, we source products and services that are fair trade, environmentally friendly, and/or locally produced. See our Green Policy<sup>16</sup> and checklist for purchasing.

**Lending:** Our lending decisions are made within credit policies, which help in managing our exposure to risk. Prudential lending limits specify the proportion of our Share Capital, which can be lent by commodity, country risk category, region and product. Revisions are made on the basis of evidence gained from lending and careful consideration of relevant risks. These limits are approved by the Board of Directors. The annual

statutory financial accounts, as well as the presentation given at the AGM, provide further details of the management of risk by Shared Interest and in particular, the management of credit risk (defaults) arising from customers who have borrowed from the Society and are unable to repay Shared Interest when due.

**Liquidity and investment:** The majority of our £46.1m in Share Capital is deposited in GBP with our main banker, Santander UK plc.

We lend funds to our customers in foreign currency offering facilities in GBP, USD and EUR. Last year, we again (for the second time) converted part of our Share Capital into foreign currency (EUR and USD) at a fixed rate using foreign exchange (FX) swaps reversing at the year-end. This allowed us to fix an element of our lending costs, providing a saving compared to using larger currency overdrafts. The rest of our lending was facilitated by foreign currency overdrafts secured against the remaining deposited Share Capital. The weakened GBP, since the UK Referendum vote to leave the European Union, reduces the borrowing power of our GBP Sterling Capital but does mean that we translate the foreign currency that we earn, at a more favourable rate.

The table below shows where cash investments are held, and reflects when the Society changed its main banking relationship from the Co-operative Bank to Santander UK plc. as the former could no longer provide facilities at the level needed.

**Fundraising ratios:** In addition to the Share Capital of Shared Interest Society members, we manage donations made to Shared Interest Foundation. In order to do this efficiently and effectively, we monitor two key ratios. Management costs as a percentage of charitable expenditure were this year 38% (2019: 28.78%) and fundraising costs as a percentage of income were 3.6% (2019: 9.07%). The total amount of support costs remained the same as the previous year but the Covid-19 pandemic delayed the commencement or progress of some projects and overall charitable spending was consequently reduced. We also monitor the running costs and reserves of Shared Interest Foundation, operating a policy of aiming to keep three to six months of projected annual unrestricted expenditure in reserves, with a year-end figure of 15.5 months (2019 (restated): 10.3 months). This policy was updated in May 2020, following our strategic review, and the way we calculate this now only reflects unrestricted expenditure as

Cash Investments						
	2014	2015	2016	2017	2018	2019
Co-operative Bank	£28.9m	£31.3m	£40.7m	£0.4m	£0.02m	£0.06m
Santander Bank	-	-	-	£40.2m	£42.2m	£44.2m
Others	£6.5m	£5.1m	£0.05m	£0.05m	£0.05m	£0.01m
Others (No.)	4	6	2	3	3	2

<sup>14</sup> Appendix 14: Budgetary Control, Financial Reporting and Authorisation

<sup>15</sup> Appendix 15: Our Approach to Procurement

<sup>16</sup> Appendix 16: Green Policy

opposed to total expenditure and free reserves as opposed to total reserves; free reserves being unrestricted funds less designated funds.

## Environmental stewardship

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 eco-friendly initiatives in the workplace and we continued to recycle paper, plastics, and glass. The entire Shared Interest team has been working from home since March, and we have encouraged colleagues to continue being mindful of how we use resources. In terms of our membership, we have promoted online Share Account management where possible, and the number of individuals using the secure portal has increased further due to the impact of Covid-19.

**Carbon offsetting:** The main contributors to our carbon emissions are our UK operations, and business travel. Our UK electricity usage this year was 34639.8Wh, which is a decrease of 17.7% from 2019. The entire organisation used 38530.75kWh, producing 9.95 tonnes of CO<sub>2</sub>, however our offset figure has reduced to 4.46 tonnes (2019: 11.51) of CO<sub>2</sub> by sourcing the energy for the Newcastle office (that is not centrally controlled by the landlord) from a green supplier. Although we must consider the energy usage of people working from home, we are unable to calculate or provide this figure.

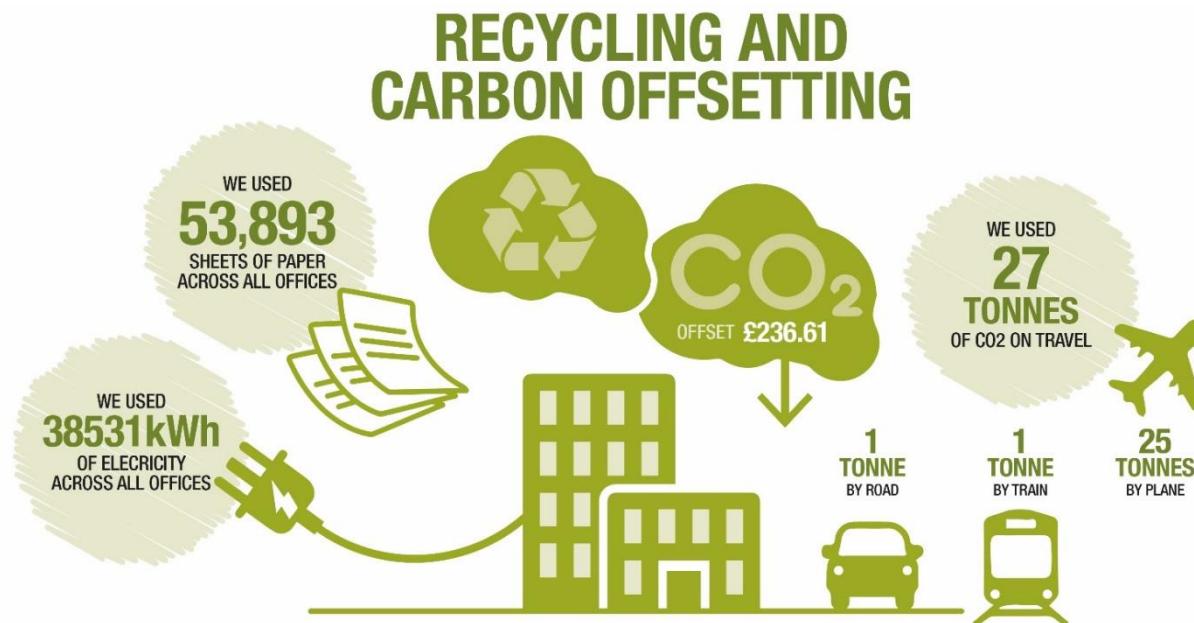
Travel for the organisation is split into four categories; road, train, plane and unknown (this is when someone acting on our behalf is unable to report by which method they travelled). In total, this produced 27.09 tonnes of CO<sub>2</sub> (road: 0.96; train: 1.12; plane: 25.01, unknown: 0).

This is a 65.46% decrease from last year, due to travel restrictions imposed by the pandemic.

The Environmental Team is also responsible for awarding our Carbon Offset Fund, usually to environmental projects linked to our work. We use the Climate Care website and carbon calculator [www.co2balance.com](http://www.co2balance.com) to determine an appropriate offset.

This year, the offset figure is £236.61, compared to £674.56 last year. We rolled over previous sums to fund this year's water management project in Nicaragua, described on page 48.

We believe that this project is in line with SDG 6, which addresses 'water' in terms of the environment (water quality, restoration of ecosystems), social (access to safe drinking water) and economic aspects (water-use efficiency across all sectors).



# Our projects

Our charitable arm, Shared Interest Foundation, provides technical assistance and business support to small-scale producer groups in Africa and Latin America. Our aim is to build sustainable businesses and increase their capacity to expand their income stream. We believe that, as businesses grow sustainably, they create employment opportunities and increase the income of their producers and workers, resulting in the improvement in their quality of life. Over the past year, we delivered seven projects, which supported the development of new businesses, provided a vital income source to rural communities, and enabled existing businesses to become stronger, and more resilient, increasing income and improving the quality of life for farmers and artisans. We launched four new projects this year:

- Bees for Business Project in Sideradougou in Burkina Faso
- Bees for Business Phase 2 in Dakoro in Burkina Faso
- Growing Fairer Futures in Osino in Ghana
- Livelihood Security Fund

We concluded three projects:

- Strengthening Governance and Financial Capacity of Producer Groups in East Africa
- Malawi Sustainable Solutions to Poverty in Malawi
- Environmental project in Nicaragua

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

Shared Interest Foundation works with partners in a number of different ways. In order to deliver our projects, we rely on the local knowledge and sector expertise of in-country partners. Grant-giving bodies and trusts, who supply the funding, usually have an expectation that we work with such delivery partners on the ground. In addition, these funding organisations are viewed as partners.

Despite the pandemic and subsequent travel restrictions, we maintained a good level of communication with our partners and continued to monitor projects remotely through available digital platforms and telephone communication. Our partners continue to send us regular field updates, photographs, short videos and progress reports, which enable us to

co-ordinate activities and ensure that projects are delivered according to plan and within agreed budgets.

Working collaboratively has enabled us to deliver projects with a broader reach. In East Africa, we partnered with Malawi Fairtrade Network (MFTN), in Burkina Faso we are continuing to work with Plateforme Nationale du Commerce Equitable Burkina to deliver our beekeeping projects and in Nicaragua we partnered with coffee co-operative UCA SJRC to support their members to increase their environmental resilience. We have also worked closely with a number of UK-based organisations to share learning, best practice and explore opportunities to collaborate including Producers Direct and Fairtrade Foundation.

## SHARED INTEREST FOUNDATION IN 2020



With the support of  
**973 DONORS**  
& 5 GRANT MAKERS



We delivered  
**7 PROJECTS IN 6 COUNTRIES**  
across Africa and Latin America working with  
6 local partners



We worked with  
**28 CO-OPERATIVES**  
who support  
**142,637 PRODUCERS**  
(49,151 WOMEN)



Delivering training to  
**315 FARMERS**  
(42% WOMEN)  
and providing  
livelihood support to  
**1,200 FARMERS**



Supporting  
**PRODUCERS**  
of coffee, tea, cocoa,  
macadamia nuts,  
ground nuts and  
handcrafts

## **Donor and supporter communications and events**

This year, Shared Interest Foundation carried out a Strategic Review to provide a new direction for the next five years. As part of this process, we sent a survey to 640 donors and we received 185 anonymous responses. The analysis of the survey results revealed that:

- 68% of respondents feel familiar or very familiar with our mission\*
- 92% of respondents felt the process of donating was easy and transparent
- 97% felt we explained well or very well how their donation would be spent
- 78% of respondents would recommend the charity to a friend
- 'No Poverty' (SDG1) and 'Climate Action' (SDG 13) were the two SDG's rated of most importance to our donor base

\*We believe that the comparatively low familiarity with the mission of the Foundation is partly due to the high number of Shared Interest Society members, who donate their interest to support the work of the Foundation but are not actively engaged with its projects and activities. In order to raise awareness, we launched a digital newsletter, which will go to subscribers every quarter.

We held workshops with Shared Interest colleagues and also consulted with our Board of Directors and Council. External interviews took place with our partners, funders, and supporters. Outcomes of these interviews informed the development of our new strategic plan.

Following the Strategic Review, we started the process of developing our donor database of non-society members. New functionality was also added to Shared Interest Foundation section of the website, to allow sign up to an e-newsletter.

We also continued to update our social media pages regularly to engage with potential donors and supporters and to reach new audiences.

This year, we relaunched the Livelihood Security Fund to raise unrestricted funds to help producers to meet their basic needs and support income levels during and beyond the Covid-19 crisis. The Fund enabled us to support Bukonzo Organic Farmers Co-operative Union (BOCU), a producer group based in Uganda in East Africa. Through our Facebook and Twitter pages, we were able to raise awareness of the appeal, and encourage donations through our JustGiving fundraising page.

Our charity is supported by donations from 973 donors and grants from Trusts and Foundations. The majority of these donors (834) are members of the Society. Many of the donations this year came from members who sadly passed away and left a legacy to Shared Interest Foundation. This money is used to implement projects aimed at building sustainable businesses and improving the livelihood of people living in poverty

This year, we secured three new grants and a donation with a total value of £147,900 to deliver projects across West Africa. We received a second grant from The Evan Cornish Foundation, secured match funding from the Allan and Nesta Ferguson Charitable Trust, and for the first time we obtained a grant from Guernsey Overseas Aid Commission.

Total income for Shared Interest Foundation increased in the year. Restricted funding increased due to a number of successful funding applications. We undertook an online advertising campaign across faith press titles, which brought in additional unrestricted funding. However, a large proportion of this income was the result of legacy donations.

Project funders are listed below in alphabetical order:

- Bees for Business Project Sideradougou: Guernsey Overseas Aid Commission
- Bees for Business Phase 2: Evan Cornish Foundation
- Growing Fairer Futures (Ghana): Allan and Nesta Ferguson Charitable Trust
- Growing Fairer Futures (Cote d'Ivoire): Shared Interest Society Member
- Strengthening Governance and Financial Capacity of Producer Groups In East Africa: KMF Maxwell Stuart Trust
- Malawi Sustainable Solutions to Poverty: The Marr-Munning Trust

In addition, we received funds as restricted income through individual donations, which have contributed towards the running of these projects<sup>17</sup>. These programmes have enabled producer groups to grow their businesses sustainably, create employment and benefit their respective communities.

	<b>Number of Donors</b>	<b>Total Unrestricted Income</b>	<b>Total Restricted Income</b>	<b>Total Income</b>
2017	513	£150k	£106k	£256k
2018	641	£130k	£137k	£267k
2019	596	£135k	£9k	£144k
2020	973	£220k	£130k	£350k

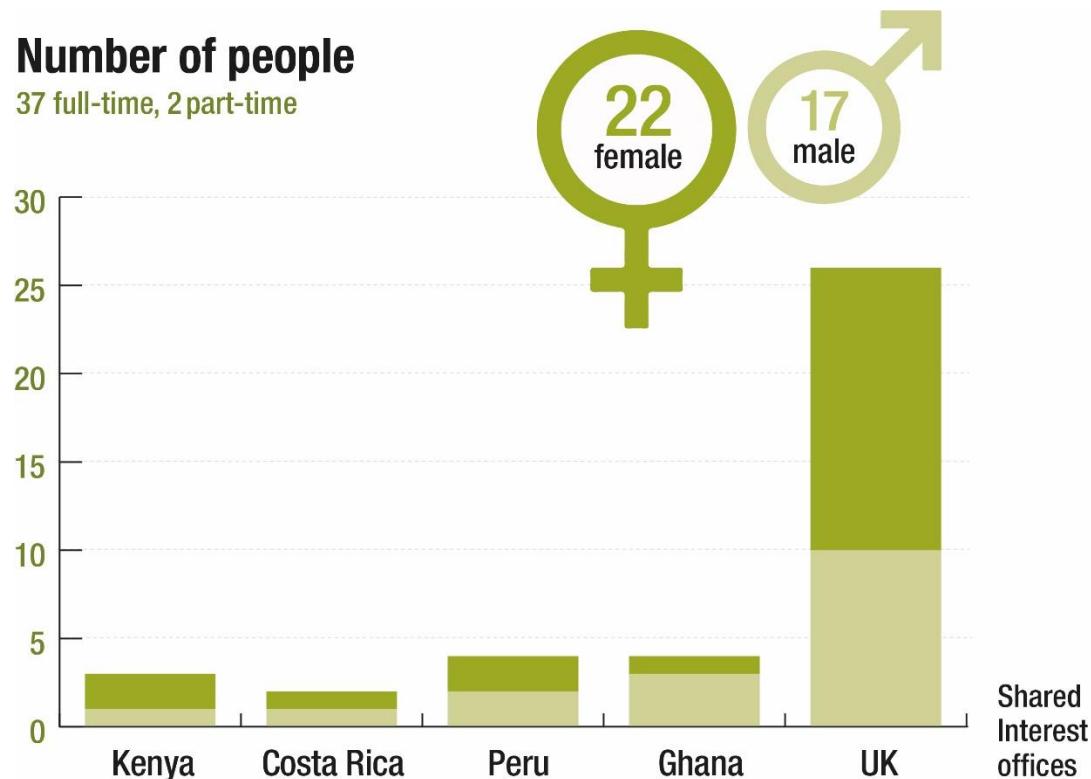
2018-2019 interest accrued was paid in March 2020, and led to an increase in donors as members donated their interest. There was no interest paid in years 2017-2018 and therefore no interest donated in March 2019.

<sup>17</sup> Appendix 21 Fundraising Policy

# Our Team

At 30<sup>th</sup> September 2020, Shared Interest had a team of 39. During the year, there were six new additions to the team (four temporary) and three colleagues left (two temporary).

## Number of people 37 full-time, 2 part-time



**Length of service:** Retaining positive and engaged people is important in Shared Interest's continued growth and success. The diagram below shows that 33.5% of the team have been with the organisation four years or less and the same percentage between five and nine years. Whilst 28% of the team has been with us between 10 and 19 years, 5% have been with Shared Interest for more than 20 years. One team member celebrated their 20th year with the organisation in September 2020.



The number of absence days due to sickness has increased this year and stands at 236 days or 3.59% of working days, compared to last year's figures of 154 days or 1.6%. This absence figure is above the national average for the UK. The increase is due to one team member who had long term sickness absence during the financial year. All other absence periods were one week or less.

## Training

The pandemic has had a major effect on training and development this year. Overall training costs have reduced considerably as some sessions were cancelled or moved online. This also meant that we saw a reduction in internal costs and hours spent on training. In addition, we have recruited fewer new colleagues this year, so induction-training costs have fallen.

Description	2018	2019	2020
Training cost (course/trainer fees)	£19k	£20k	£19k
Internal time cost (while on courses)	£18k	£24k	£15k
Inductions (cost for carrying out & attending inductions)	£2k	£8k	£4k
Number of hours spent training	1017	1872	1015
<b>Total</b>	<b>£39k</b>	<b>£52k</b>	<b>£30k</b>
No of training days	142	250.5	136

Some training took place prior to the pandemic. One of our middle managers attended a professional training course with Common Purpose and our Board undertook safeguarding training. Our senior team attended courses that included "Unconscious Bias" and public speaking and presentation training. Both the UK and African Lending teams held teambuilding days. Online courses have included Excel, SQL and spreadsheets and financial modelling and evaluation. As previously mentioned, new colleagues have joined us and they

have all undertaken induction training. In addition, those on permanent or longer-term contracts have received Insights training. (Insights is a tool to help individuals engage with others, open up communication and improve working together). Our training costs include both course costs and the salary costs of those attending.

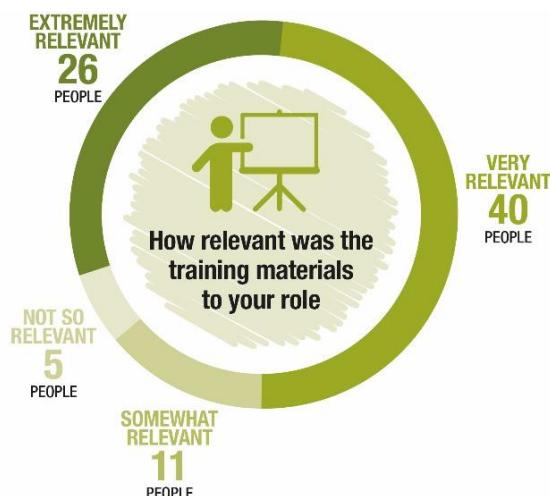
Evaluation forms are completed following attendance at training events. These forms are used as a basis for discussion between attendee and line manager, to identify whether objectives were met and how learnings can be applied in the working environment. They also help us assess the quality of the training and its relevance for other team members.

We continue to use the six-month evaluation form, designed to assess how the person has applied any learning to their role. Courses lasted from half a day to four days though some training is longer-term. Feedback for the last year shows that out of 82 responses returned, 72 thought that the training covered the right amount of information.

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

- Improving the Search Engine Optimisation (SEO) of the website
- To inform how the Foundation could reach and appeal to different audiences and attract new supporters
- I will use my new knowledge to look at ways to find potential new members.
- In data analysis, budgeting, cash flow forecasting for customers.
- Trying to make presentations more interesting and engaging for the audience
- To ensure we are adhering to best practice and compliance with new employment law practices

- When considering interactions with the team, looking at decisions/processes and how we run meetings. Working from home has brought a new perspective.
- Improvement in communication with colleagues and increased teamwork.



## Internal communication

We continue to maintain a strong focus on positive engagement and this has proved even more vital following the impact of Covid-19. Prior to the pandemic, the vast majority of our colleagues worked within an office environment. Since March, everyone has been working remotely and Shared Interest has offered support to assist with this transition.

This included everyone completing a workstation assessment. Any additional equipment required was dispatched to the individual's home address. More recently, we provided new laptops to those who required them.

It is normal procedure to hold weekly one-to-one sessions and team meetings, and we have continued to do this remotely to enable us to provide support and encouragement to colleagues. We have also introduced online chat groups that provide social interaction and the ability for colleagues to connect on a non-work basis. We have continued to hold monthly update meetings with the entire team via Zoom, and have introduced a further catch up with everyone, once a fortnight.

### Wellbeing, social events and culture

Prior to the crisis, we continued to promote health and wellbeing with various initiatives. At Christmas, we again collected items for our local foodbank. We had fruit delivered to the UK office on a monthly basis. In January, a nutritional therapist gave a presentation to the team on how to boost the immune function through nutrition and we had planned to hold further sessions before the pandemic. During the time we have been working from home, we have continued to share wellbeing ideas and initiatives to help with the extended period of home working. We have designed a combination of surveys, questionnaires, and initiatives to ensure we are aware of the impact of the crisis on our colleagues and their wellbeing, and to ensure that wherever possible, we can provide the relevant support and equipment.

We have also carried out a fortnightly quiz to give colleagues the opportunity to meet via Zoom and have some fun whilst learning new facts.

To encourage everyone to keep active, at the beginning of August, we challenged colleagues to collectively walk, run, cycle, or swim the distance between our head office in Newcastle and our Nairobi, Kenya office. This gives a total walking distance of 6,624 miles.

Unfortunately, some of the activities that we had planned this year, including a 30th anniversary

celebration event and a team-building day had to be cancelled. These were both instances where the entire Shared Interest team would have been together. Despite this, we have continued to celebrate our successes and colleagues received gifts of chocolates, cakes and fruit baskets.

In recognition of the commitment shown in difficult circumstances, an additional day's holiday was given to the Shared Interest team on Friday 28th August.

The Health & Safety Committee held a presentation on mental health and wellbeing whilst working remotely. This provided an update on the current Covid-19 situation in each of the regions, together with helpful tips on workspace arrangements, healthy eating, exercise, and positive mental attitude.



**16**  
NUMBER OF LANGUAGES SPOKEN

**18**  
NUMBER OF TEAM MEMBERS  
WHO SPEAK MORE THAN  
ONE LANGUAGE

**LANGUAGES**  
English, French, Spanish,  
Turkish, Ewe, Kiswahili, Taita,  
Catalan, Swahili, Luhya, Portuguese,  
local Ghanaian languages Akan,  
Yoruba, Twi, Fante, Nzema

### Benefits and salary

Salaries are reviewed annually with the cost of living, individual performance, and a benchmarking exercise considered as part of the process. A comparison of the highest against the lowest salary provides 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. These benefits are illustrated in the diagram below.



## Keeping connected survey

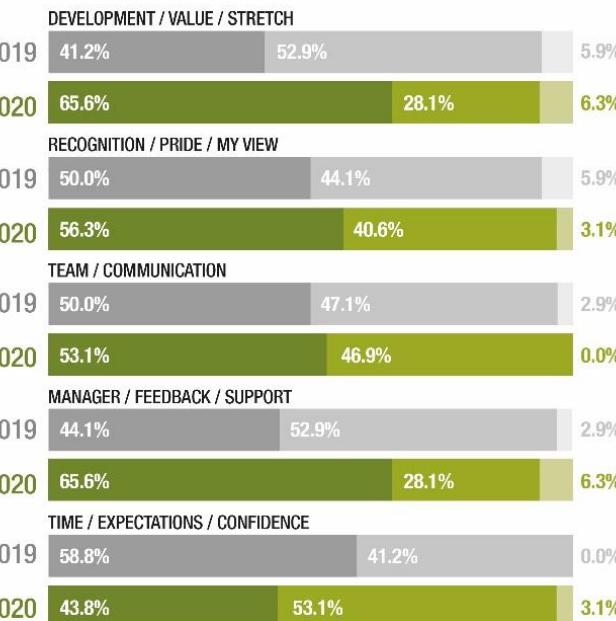
Over recent years, we have worked with an external company to carry out an engagement survey, using their online survey and analysis tools. However, this year due to lockdown, we chose to do something different and instead ran an online survey specific to the current situation to help us understand how colleagues were feeling, and managing with the ongoing remote working conditions. This also helped to identify if there was anything we could do to help during this situation.

We had a response rate of 32 colleagues out of 39. The results of the survey showed that 57% of the team were 'actively engaged', 40% 'engaged' and the remaining 3% 'actively disengaged'.

It is important to note that this 3% is not representative of one respondent but instead relates to responses from all colleagues across a number of questions.

Having such a highly engaged team is crucial in helping us deliver the Theory of Change.

## ENGAGEMENT



We were able to ask two open questions and selection of the comments are shown below..

One thing that the business could do to support me at this moment would be:-

*"Continue to do what they are doing to keep all staff connected."*

*"I think Shared Interest is going above and beyond, especially compared to other businesses my family and friends work for."*

One positive I have been able to take from the last few weeks has been:-

*"Increased ability to balance family, work life."*

*"Engaging with colleagues in new ways to lift each others spirits."*

## Working from home survey

We asked colleagues to complete a further short survey about the experience of working from home. This included questions to help us determine if there was anything else we could do to make it easier and, where possible, make improvements. We had a 97% response rate and the results demonstrate the continued commitment to the organisation and the work we do.

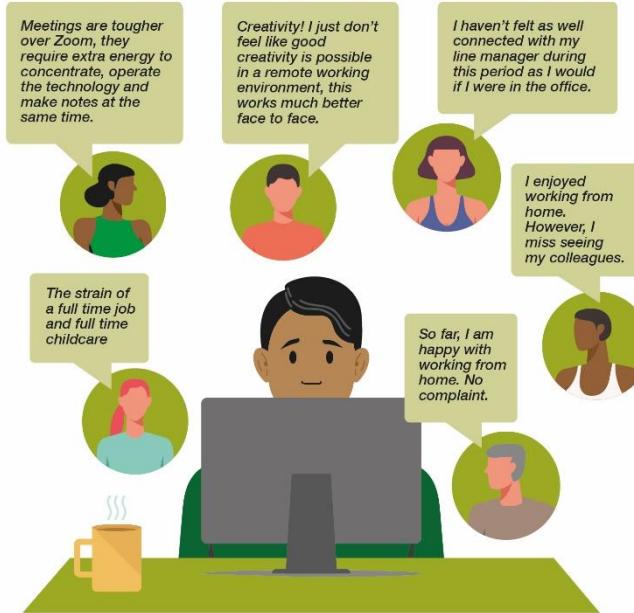
### Q1: WORKING FROM HOME

#### What have you learned or found most interesting?



### Q2: WORKING FROM HOME

#### What has made you feel apprehensive or what have you not enjoyed?



### **Q3: WORKING FROM HOME**

#### **What have you enjoyed?**



### **Q4: WORKING FROM HOME**

#### **Is there anything Shared Interest could do to improve your working from home experience?**



# Part II: Our impact

In line with our mission, we provide financial services and business support to producer groups to help them build resilient and sustainable businesses, increase their income, and improve their living conditions. We believe that, by providing increased access to finance to smallholder farmers and artisans, we empower them to work towards the reduction of poverty and the promotion of economic growth and social development in their communities.

Through investment from our members and the support of donors and partners, we continue to grow our lending portfolio to impact communities across the globe. We lend directly to fair trade producer groups (producer lending) and to fair trade wholesale or retail businesses (buyer lending). We offer term loans for the purchase of production equipment and the expansion of production facilities. We also provide short-term rolling facilities in the form of export credit to help producers fulfil their orders or a stock facility for building up raw materials.

An explanation of our different types of lending can be found in the Appendix 4<sup>18</sup>.

Our internal Monitoring and Evaluation Committee works to develop a methodology and appropriate tools to monitor and track the impact of our lending and the support we offer to businesses across the globe. We recognise that there are external factors, which also contribute to the outcomes of the businesses we work with. However, through various data collection methods

we aim to demonstrate the effect of our financial support.

We use surveys, interviews, focus group discussions and case studies to collect our impact data. We speak to producers, workers, and community members where the co-operative is located to gain a holistic picture of the impact of our work.

This year we could not hold face-to-face producer committee meetings due to travel restrictions related to the pandemic. However, we held telephone interviews with each customer to gather the necessary information, and to gain a deeper insight into their work.

Last year, we carried out a Theory of Change process to strengthen the design and delivery of our projects, as well as our evaluation techniques. A Theory of Change is a specific methodology that describes the pathway for achieving a desired social change. It defines the long-term goals of an organisation and maps out the process for achieving these. This year, we developed a monitoring and evaluation framework with clear indicators based on our Theory of Change, enabling us to systematically track and report the impact of our work.

Our Theory of Change diagram, which is found on page 7, was developed based on a number of assumptions about the comprehensive systems and procedures that form the foundations of our organisation. These include:

- Skilled staff and volunteers – Staff and volunteers have the skills, capacity and

resources to effectively carry out their role and the activities of the organisation

- Internal systems and processes – We have robust and fair systems to monitor and manage treasury, risk, portfolio, environmental impact, legal compliance, and people.
- Good governance – We have and adhere to good practice, regulations, policies and procedures in order to operate effectively and transparent



*Edelmina Suarez, member of CECANOR,  
harvesting coffee at a farm in Peru.*

<sup>18</sup> Appendix 3: Description of Lending Products

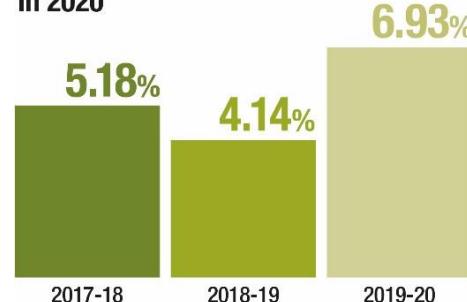
## 1. Increase in income for farmers, artisans and workers

### • Increase in capital available to lend

Share Capital provides the sole source of funds for our lending services, and at 30th September 2020, we reached £46.1m.

We believe that the significant increase in Share Capital was due to reasons mentioned in Part I; successful engagement with existing members, as well as new investment being attracted as a result of effective advertising campaigns, and increased media coverage due to award wins. We found that of the £3m net increase throughout the year, 87% can be attributed to existing Share Account holders, and 13% to new investors investing for the first time. The pandemic meant that we adapted our approach to some activities, such as cancelling Supporter Events, and delaying insert campaigns but this did not prevent us meeting Share Capital targets. Members continued to send messages of support, and 430 new members joined us. Sadly, we also saw some account closures due to the impact of Covid-19. As a membership organisation, we value our members deeply and we sent our condolences to those individuals and families affected by the loss of a loved one.

### Increase in Share Capital in 2020

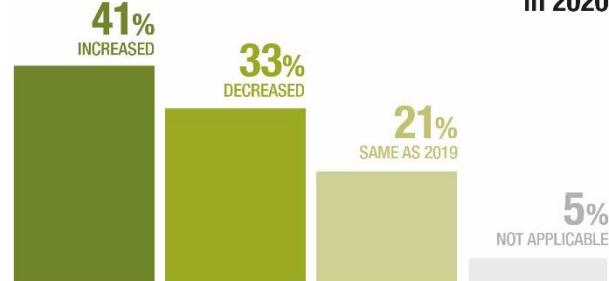


This year, we designed a Social Impact Survey based on the outcomes outlined in our Theory of Change. The main purpose of the survey is to help monitor our progress towards achieving the outcomes in our Theory of Change and to better understand the impact of our activities and operations. We sent the survey to 107 producer groups across our portfolio between July and August this year, and we received a 43% response rate. The survey was also sent to 24 buyer customers with a 50% response rate. Forty-one percent of producer groups surveyed indicated that their farmers, artisans and workers have seen an increase in their income during the past 12 months. The groups stated that the increase in the income of their farmers was a result of production and sales.

Thirty-three per cent of the producer groups stated that their farmers recorded a decrease in their income due to the pandemic and the loss of sales opportunities.

One producer from South America said: “[Covid-19] has not affected this harvest other than the nervousness and rush of the farmers to collect and deliver their coffee to have the money in their pocket in order to better face the pandemic. Prices in international markets do affect the family income. It could also affect the demand for coffee and/or the availability of credit for the next harvest.”

### Farmers' Income in 2020



### Workers' Income in 2020

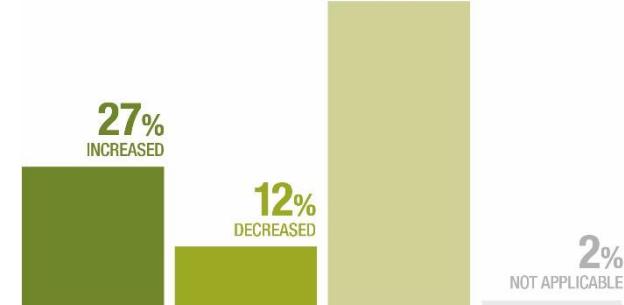


The survey results also showed that the income of employees and workers of the producer groups we surveyed generally remained stable. Only 12% reported a decrease in income.

Furthermore, data gathered through our annual review processes shows that the salary of producer group employees increased across all the regions in 2020. The largest increase was seen in Africa, where producer groups in the cocoa sector expanded their operations.

As part of our survey, we also asked producer groups to indicate if the number of people working in their organisation had changed during the past 12 months. The results showed that very few producer businesses

### Employees' Income in 2020



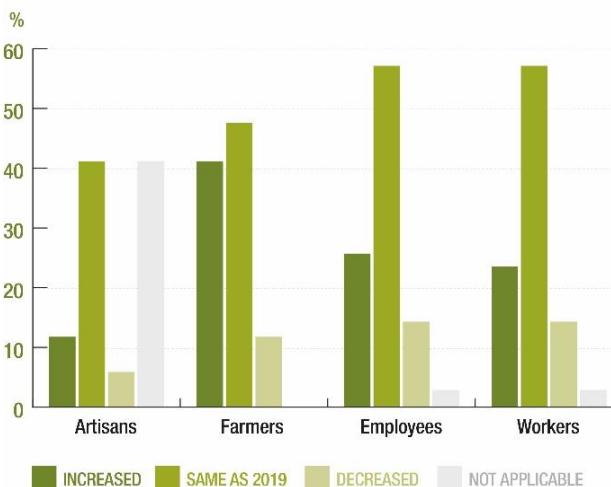
have seen a decrease in the number of artisans, farmers, employees and workers. The vast majority maintained the same number of individuals working throughout different sections of their business.

Producer groups were also asked whether they carried out any development projects in their community during the past 12 months and 80% said yes, in the areas of education, health, water and sanitation, environment and transportation.

- Increased access to fair and affordable finance**

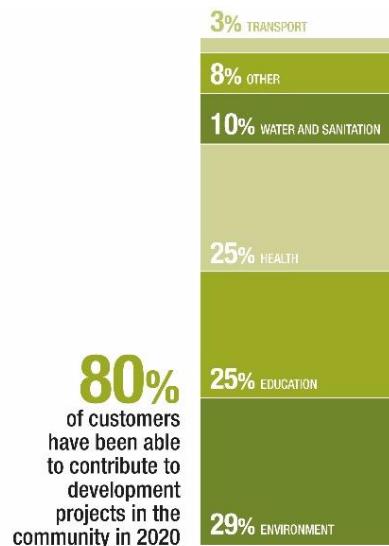
Over the past year, we have provided access to finance to farmers and artisans across Africa and Latin America, and fair trade buyers in the Northern Hemisphere, extending our support indirectly to producers in Asia. In 2020, we lent funds to 174 producer groups comprising 352,122 farmers and artisans. Of these, 35% are

#### Changes in number of people involved in each organisation in 2020



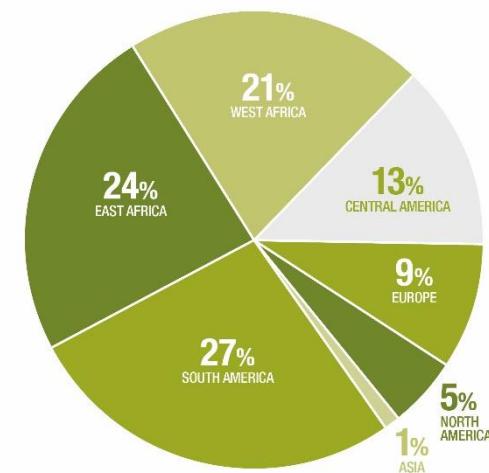
women and 8,516 are permanent employees. Although the value of total payments made has decreased, the value of committed lending has slightly increased (£59.5m in 2020 compared to £58.6m in 2019) due to facilities being approved for existing and new customers.

In the later part of this year, a small number of producers in some countries could not access our finance on time due to delayed contracts from buyers. This was caused by lockdown restrictions preventing producers from exporting their products especially between March and June. Retail shops also closed during the same period and buyers needed to sell old stocks before placing new orders.



Of 36 new facilities in total, 16 were provided to new or existing coffee producers and the remaining 20 facilities to cocoa, soya and handcraft producers.

#### Total Customers per Region



We were able to assist some cocoa producers to continue to expand their growth by providing increases for their short-term lending (facilities lasting less than 12 months).

Our Lending Managers held telephone interviews between June and July with a sample (23) of our customers to understand the impact of our lending on their businesses. In West Africa eight customers were interviewed. A handcraft producer group based in Ghana reported that access to Shared Interest credit facilities had made it possible for the organisation to:

- Improve their production process and the quality of their products
- Obtain an increasing number of orders leading to increased sales
- Increase their ability to meet clients' deadlines
- Improve the transportation system to the point of shipment.

## 2. Stronger, more resilient and sustainable businesses

- Growth in tailored lending**

We have 202 customers, and a proportion have multiple facilities with us. As such, there are currently 240 lending facilities in place across our portfolio. From that total, (66%) are classed as short-term facilities and (34%) for longer-term lending. Export credit remains the most prevalent product. All lending to new customers was short-term, to include Export Credit, Stock Facilities and Buyer Credit. Of the 20 additional lending facilities given to existing customers, four were Term Loans.

### Distribution of our lending in 2020



Where Term Loans or Stock Facilities were provided in addition to existing Export Credit, it was to enable customers to stock up on raw materials, purchase machinery to increase their production capacity, or undertake infrastructure improvement projects.

As a provider of finance under fair terms, we work with producers and buyers through times of hardship. This year, some customers fell into arrears with their short term lending facilities. We provided Term Loans to a

number of these customers as a form of debt consolidation as it was identified that more than one season/harvest was needed to recover from the setback.

Below is a graph showing the difference in lending products for the last two years. As illustrated, all lending products have increased, with the exception of the Buyer Credit, which reduced due to the closure of some accounts during the year as explained in Part I.

### Customer Facilities Type



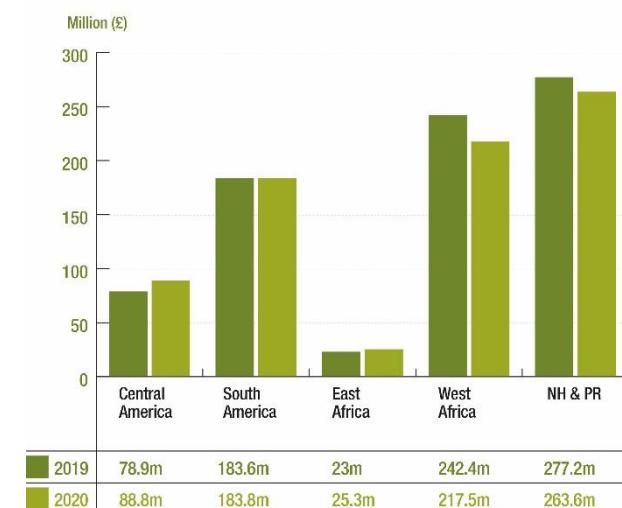
This year, we offered four different lending products<sup>19</sup> to our customers, enabling them to meet their financial needs. These include Term Loans, Stock Facility Export Credit and Buyer Credit. Forty percent of our lending was provided in the form of Export Credit and 10% was Buyer Credit.

- Increase in trading opportunities**

This year, we received payments from 36 commercial buyers, compared to 24 last year. This is due to existing customers securing contracts with new buyers, as well as new customers joining us, also bringing new buyers.

Our customers in South America, West Africa and in the Northern Hemisphere and Pacific Rim reported increases in sales. The largest increases were seen with customers in UK, USA and West Africa, mostly in Côte d'Ivoire (cocoa producers).

### Customer Sales per Region

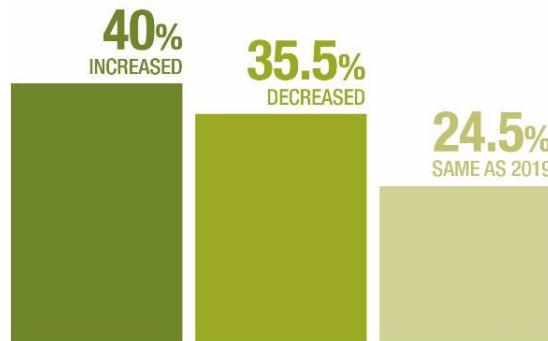


This year, overall sales made by customers across our portfolio stand at £805m in 2020 compared to £779m in 2019. Furthermore, 147 customers (73%) made a profit this year.

<sup>19</sup> Appendix 3: Description of Lending Products

The majority (98%) of Social Impact Survey<sup>20</sup> respondents stated that they have seen an increase in their sales over the past 12 months, and 56% indicated that the increase was due to better access to finance. Increased access to finance means that producer groups are able to buy a higher volume of produce from their farmers and fulfil bigger contracts from buyers.

## Producers' Turnover in 2020



The total value of all customer assets increased from £131.3m in 2019 to £139.4m in 2020.

In South America, some customers have improved their operations including a quinoa trader that has significantly increased production this year.

In Central America, a coffee co-operative in Honduras, experienced increased production, sales, and profits, surpassing their original forecast. They attributed this to effective action plans including attracting additional farmers, growing their production capacity, making more efficient their processing activities, and establishing new relationships with buyers. We recently approved an increase in their EC/COEC facility to help them continue this growth.

In West Africa, we have helped four cocoa co-operatives grow from local trade level to direct export. They have also improved their cash flow, making it possible to acquire an export licence.

---

<sup>20</sup> Appendix 9: Social Impact Survey

### 3. Employment creation for farmers, artisans and workers

- Capacity building training and mentoring

Shared Interest Foundation continued to provide business support to producer groups across Africa and Latin America. With the help of in-country partners, we delivered training and mentoring to 25 co-operatives in Kenya, Uganda and Malawi, 50 young cocoa farmers in Ghana, and 84 coffee farmers in Nicaragua. The training covered areas such as governance, business management, finance, good agricultural practices, and environmental education.

## TRAINING AND MENTORING

**20**  
CO-OPERATIVES ACROSS  
**KENYA & UGANDA**

RECEIVED GOVERNANCE  
AND FINANCIAL  
CAPACITY BUILDING

**5**  
CO-OPERATIVES ACROSS  
**MALAWI**

RECEIVED  
AGRICULTURAL AND  
BUSINESS TRAINING

**84**  
FARMERS IN  
**NICARAGUA**

RECEIVED ENVIRONMENTAL  
TRAINING

**50**  
YOUNG FARMERS IN  
**GHANA**

RECEIVED AGRICULTURAL,  
CLIMATE CHANGE AND  
AGRI-BUSINESS  
MANAGEMENT TRAINING

- Increase in entrepreneurial and business skills

Through our projects, we continued to support smallholder producers to increase their entrepreneurial abilities and business skills. This year we implemented five projects:

#### Project 1: Strengthening Governance and Financial Capacity of Producer Groups in East Africa

Part-funded by KMF Maxwell Stuart Charitable Trust, the main objective of this project was to build the governance and financial capacity of 20 producer groups in Kenya and Uganda, to increase their sustainability and access to financial support. We worked with two delivery partners, Profile International based in Uganda and Upward Bounds based in Kenya. In Year One, we focussed on strengthening governance, training the Board of Directors and Management Team of each co-operative on roles and responsibilities,

strategic planning, policy development, and leadership skills. This was followed by mentoring and remote support to assist participants to implement this learning at their respective co-operatives. In Year Two, we focussed on building financial awareness in areas such as record-keeping, statement analysis, budgeting, and debt management. After the training, mentoring was provided to help prepare documents such as cash flow statements, end of year accounts, and business plans and put in place effective financial management systems. As a result of this project:

- 80% of the co-operatives developed an organisational strategic plan against 20% before training took place.
- 70% of co-operatives reported an increase in knowledge of the roles and responsibilities of Board members.
- 90% of co-operatives have put in place new organisational policies around topics such as

## East Africa Governance and Finance Training

The CONFIDENCE LEVEL of management teams to run their businesses effectively increased from 4 (confident) to 5 (VERY CONFIDENT)



SUPPORTED  
**20**  
CO-OPERATIVES  
ACROSS  
**KENYA AND UGANDA**

80%  
of the co-operatives developed an  
ORGANISATIONAL STRATEGIC PLAN



**68**  
were trained in FINANCE  
MANAGEMENT skills  
(22% were women)



**90%**  
of the co-operatives have new  
ORGANISATIONAL POLICIES  
including HR, gender, finance  
and risk management

- HR, gender equity, finance and risk management – enabling them to meet the requirements of finance providers.
- Two organisations developed a Youth Leadership Development Programme to engage young people in the management of the co-operatives and prepare for the future.
- The confidence level of Board of Directors and Management in the financial capacity within the co-operatives increased from a rating of 50% (average) at the beginning, to 70% (good) by the end of the project.

#### **Project 2:** Malawi Sustainable Solutions to Poverty

In March 2020, we concluded our three-year project in Malawi, which was funded by the Marr-Munning Trust. The project was designed to improve the income of five co-operatives through the implementation of agricultural training, business support, and a mentoring programme. Working in partnership with Malawi Fairtrade Network (MFTN), we supported producers to increase yield and improve the management of their farming business. MFTN collaborated with the Ministry of Agriculture to deliver practical training to farmers in land preparation, planting, weed control and harvesting followed by one-to-one mentoring sessions. The co-operatives were trained in strategy and business planning, performance measurement and financial skills. Through our mentoring programme, each co-operative received support to develop a business plan.

*“This training in business plan is a very big impact because it is like an opener tool to all of us. Initially we did not know that we can use the business plan to source funds from other sources like banks. We are now equipped that we can prepare and develop a good business plan that*

*can assist us to access loans to improve our production” (Princewell Pendame, Treasurer for Sukambizi Tea Association)*

The training and mentoring on good agricultural practices enabled the co-operatives to increase their production and sales. Since the launch of the project, tea production has increased by 33% and total sales have increased by 114%.

*“I am now very happy because I am now harvesting my good leaf. You can observe that my farm is clean of weeds. My friends and I have established our small nursery that will help us to access seedlings to fill the farm gaps in order to increase the number of trees and production”  
Stella Magalasi, Farmer at Thuchira Tea Association.*

Following the training on Good Agricultural Practices (GAP):

- 92% of farmers said the GAP training had improved their farming practices
- 100% of farmers told us that they agree or strongly agree that their crops have improved following the adoption of good agricultural practices.
- 100% of farmers told us that their household income had increased as a result of the training they received in GAP, leading to an improvement in their livelihood.

Following Business Planning training:

- 100% of farmers said the training they received had a positive impact in their farming business

- 75% of farmers have plans to expand their farms
- 100 % told us that the training enabled them to identify potential risks in their business, mitigate these risks and support business growth

*“Members are now able to plan for their activities. They can forecast their production for the year” (Representative from HIMACUL Macadamia Co-operative)*

*“I take the farming as a business and am able to calculate loss and profit of my sales. I am now able to keep records of my farming activities thereby improving yields” (Tea farmer, Sukambizi Tea Association)*

*“With my increased income I have managed to construct a good house with an iron sheet roof, much better than it was before” (HIMACUL Macadamia Farmer).*

*“I can buy food for the family and am able to send my children to school” (Sukambizi Tea Farmer)*

#### **Project 3: Growing Fairer Futures**

Part-funded by the Allan and Nesta Ferguson Charitable Trust, our Growing Fairer Futures project is supporting 50 young people to become cocoa farmers. Ageing cocoa trees, use of traditional farming techniques, and the increasing effects of climate change mean that many farmers struggle to make a living from this activity and

young people choose to migrate to urban areas in search of alternative employment.

We partnered with the Cocoa Health and Extension Division (CHED) of the Ghana Cocoa Board to work with ten communities in the Osino District of eastern Ghana. We launched the project in January this year, and have since worked with these in-country experts to deliver training in Good Agricultural Practices (GAP) and Climate Smart Agriculture.

After distributing farming tools and equipment, 22,500 cocoa seedlings were planted, along with plantain and maize seedlings. These plant food crops will provide important shade to the cocoa trees and food for farmers' families, with the surplus sold for additional income. In October, the young farmers will be trained in business and finance skills to help them run their new business profitably and sustainably.

Although this project is ongoing, the young cocoa farmers have already recorded an improvement in their livelihoods. The maize and plantain they planted amongst their cocoa tree seedlings have been harvested and the farmers were able to feed their families, whilst also having a proportion available to sell at the local market. They have also gained new skills in cocoa farming, which will hopefully lead to increased yield.

When asked about the new skills taught during the GAP training, one participant told us:

*"Some skills gained throughout the workshop is not burning the farm land when cleared and particularly not cutting down of trees. Instead when the land was cleared I left the debris to decay"*

#### **Project 4: Environmental Sustainability**

In August this year, we concluded this 12 months project, which was supported by our Carbon Offset Fund. We worked closely with a Nicaraguan coffee co-operative over the course of a year, to help farmers reduce their environmental impact.

The project supported 84 farmers from UCA SJRC, to learn how to manage the wastewater created by coffee production and their own households.

As well as impacting upon the health of farmers, the wastewater was damaging soil and disrupting the growth of their coffee

Together with UCA SJRC, we provided materials to construct water treatment filters on the farmers' land to prevent the contamination of soil and water sources from wastewater. Farmers were also supplied with 3,000 tree seedlings. Once established, these trees will not only encourage reforestation, increase soil fertility, and reduce erosion but will also provide important shade to coffee plants and subsequently increase yield.

The project beneficiaries have reported improvements in their coffee farming. Over time we expect these changes to lead to improved yield and increased household income from the sale of coffee.

*Farmer Lillian said: "The wastewater was spilling and where the water was passing there were coffee plants that were dying." With the construction of the water treatment filter she has already seen the benefits "I didn't use to sow coffee on the areas affected by the water spill but now that I no longer have that problem I have already sowed coffee and I will have more production".*

---

*Farmer Cesar told us: "This will bring a lot of change because we will be able to improve the quality of the coffee with the well-established shade and the protected breaks so that it doesn't dry. With the construction of the filters, we avoid the damage of coffee plants and contaminate the water sources."*

---

#### **Project 5: Livelihood Security Fund**

As the global impact of Covid-19 continues to unfold, it remains unclear how developing world communities will cope with the health, economic, and social hardship caused. In addition to restrictions on movement and trade, floods, droughts and delayed harvests, are threatening livelihoods and increasing household food insecurity.

In direct response to these challenges, we re-launched our Livelihood Security Fund appeal to help farmers and workers in Africa and Latin America meet their basic needs and support their income levels during and beyond the Covid-19 crisis.

In June 2020, as part of this fund, we awarded a grant to Bukonzo Organic Farmers Co-operative Union (BOCU), a coffee co-operative in Western Uganda, to support 1,200 farmers to recover from the effects of a devastating flood. With these funds, the co-operative was able to provide food items including maize and flour to the farmers to meet their immediate needs and support their families.

---

*Masereka Exavia, a coffee farmer described the impact of the flooding: "All the crops I had grown in the valley were washed away and part of what I had planted at home including coffee*

*and banana plantations were washed away by the floods."*

*"It relieved us from the hunger that we were facing." (Masereka Exavia, coffee farmer)*

### New projects

In July and August 2020, we launched two new projects in Burkina Faso. Following the success of our pilot Bees for Business project in Dakaro last year, we secured funding from Guernsey Overseas Aid to replicate this project in a nearby community called Sideradougou. In this community, many families rely on the dangerous and precarious task of gold mining as their only source of income. This project is supporting 75 women to become beekeepers as a safe and sustainable way to support their families.

Furthermore, with funding from the Evan Cornish Foundation, we are supporting the now fully established beekeeping group in Dakoro with additional training to develop their honey business and helping them to diversify into sesame farming. We look forward to reporting fully on the impact of these projects in next year's Social Accounts.

### Case Study

In 2018, our Charity, Shared Interest Foundation, launched the "Bees for Business" project in rural Burkina Faso. Over the course of 12 months, we supported 50 women to earn a living from beekeeping.

Funded by an individual donor, the project was implemented in partnership with Platforme Nationale du Commerce Equitable (PNCEB), the Burkina Faso National Fair Trade Network.

Two years later, we are supporting the group to diversify into organic sesame farming and providing training to help manage both of the businesses sustainably.

Prior to joining the project, beekeepers Abibata Ouattara and Fatimata Ouattara both struggled to meet their household needs.

*"Before getting involved in the beekeeping project my main activity was agriculture, and after the rainy season that did not earn me enough money. I always had money worries, I was having trouble contributing to the expenses of my children. Now with the beekeeping project there has been a lot of change in my life. I have an understanding about modern beekeeping that I did not have before. I am able to help cover some of the children's expenses, especially in terms of schooling." (Abibata Ouattara)*

Fatimata also told us how beekeeping has improved her quality of life: "Before I collected shea almonds to sell. My monthly income did not exceed 20,000 XOF (£27). Everything I earned went directly into expenses. Now with the beekeeping project there has been a lot of change in my life. I can often have more than 50,000



XOF (£69) per month with my different activities. I help my husband take care of the children's schooling. We harvest the honey and we eat in our families and sell to make money."

Since this project launched, the group have made honey sales to the value of £2,084 and production is increasing each year. Abibata and Fatima shared with us how this project has supported their group and their community:

*"We were able to build with a portion of the honey sales a store to serve as a honey mill. In our community we have risen in credibility because we often lend money to some women who are not members of our co-op for urgent needs." (Abibata).*

*"Thanks to the beekeeping project, the members of the community trust us. Many women apply to join our co-op because they see that we make money from our business." (Fatimata)*

#### **4. Improvement in the livelihood of people as they trade their way out of poverty**

Our long term goal is to contribute towards the improvement in the livelihood of people as they trade their way out of poverty. In addition to our aforementioned Social Impact Survey, we also carried out three longitudinal case studies to understand how our lending impacts producers and their communities. We used surveys, interviews, and group discussions to gather data and reviewed all available documentation including financial reports, annual reviews, funding proposals and visit reports.

##### **NECAAYO Case Study<sup>21</sup>**

NECAAYO (Nouvelle Enterprise Cooperatives Agricole Anouanze D'Oupoyo) was formed in 2009 by a group of smallholder farmers in the Bas-Sassandra region to the south west of Côte d'Ivoire. They established themselves as a co-operative with 245 members a year later, with the vision of producing high quality cocoa that they could sell locally and internationally for a fair price, instead of being at the mercy of in-country buyers.

NECAAYO obtained Fairtrade certification in 2012 and during the 2012/13 cocoa season, they obtained a UTZ certification. In 2014, NECAAYO took part in the Access to Finance training programme, delivered by our charity, Shared Interest Foundation.

According to Silvere Mahan, the General Manager of NECAAYO: "The training was an eye opener. We were supported to prepare a business plan, which was one of the key requirements for accessing finance."

In April that year, Shared Interest provided NECAAYO with a Commercial Export Credit Facility (COEC) to purchase cocoa from their members. Prior to this,

NECAAYO depended on pre-finance from buyers to meet orders.



Cocoa pods on a farm in West Africa

In November 2015, the facility was increased to enable a higher contracted volume to be sold to ECOOKIM, a large cocoa co-operative and exporter, also based in Côte d'Ivoire. .

According to Koffi Kouame, the Board Chair of NECAAYO, access to Shared Interest finance improved the co-operative's cash flow, enabling them to buy a higher volume of cocoa from producers.

He said: "We were able to control a higher volume of cocoa during the season. We paid our producers promptly and they were happy to deliver their cocoa to the co-operative. Business was very smooth that year."

In May 2016, the facility was increased again to meet the high demand for cocoa from Fairtrade buyers. In August 2017, Shared Interest increased NECAAYO's

facility further to strengthen their cash flow for the next harvest.

---

*Silvana explains: "The revolving nature of the loan was in our favour. When we have the loan in September, we collect the cocoa and sell; we go back, collect, and sell several times. We only start the repayment from January and this works well for us.*

---

*"We also have autonomy from exporters. Today we don't wait for their finance to start the harvest activities. Shared Interest has given us a financial autonomy."*

---

The Board Chair, Koffi Kouame, said: "With the finance from Shared Interest, we are able to honour our contracts. Without it, I don't think we can produce the volume we have currently.

---

*"Our external buyers are happy with us because we are able to fulfil our contracts. We supply them the right quantity and quality of cocoa beans within the expected timeframe."*

---

*"I must say thank you to Shared Interest, they supported us, and we are financially autonomous. We no longer have pressure from the buyers."*

---

As NECAAYO's sales increased, so did their Premium, which enabled them to carry out a number of community development projects including the construction of

---

<sup>21</sup> Appendix 10: Longitudinal Study ~ NECAAYO

schools and health centres, and rehabilitation of community roads.

During the 2016/2017 harvest season, NECAAYO's facility was increased by over 60%, enabling more contracts to be fulfilled. However, from the 2017/2018 season, NECAAYO's sales started to decline due to the reduction in orders from their buyers as demand for FLO-certified cocoa beans reduced. Subsequently, NECAAYO was unable to purchase the entire volume of cocoa beans harvested by their Fairtrade certified farmers, as the chocolate industry favoured UTZ-certified cocoa at that time.

In 2017, Shared Interest provided NECAAYO with a Term Loan for the purchase of two trucks and a tractor to collect cocoa from members.

General Secretary of NECAAYO Kofi Kouame Gerard said: "With the Shared Interest credit facility, we acquired new vehicles, which have helped improve the rapidity and mobility in the constitution of our stocks."

At the start of every school year, NECAAYO provides an educational loan to farmers to pay their children's school fees. They also supply books, school uniforms and bags.

---

*The General Manager stated: "The educational loan facility we provide our farmers has been of great benefit to them."*

---

In order to mitigate the negative impact of climate change and sustain cocoa production, every year NECAAYO distributes 45,000 cocoa seedlings and 15,000 tree seedlings - including fruit trees - to their farmers, which provide an additional source of income

Shared Interest's support over the period with a COEC facility and, more recently, a Term Loan to purchase

new trucks, has improved cash flow levels, made payment to farmers easier, and increased efficiency as well as production levels. The impact of the co-operative has also been seen in the local community with the added benefit of the Fairtrade Premium, which has facilitated improvements in health care, sanitation, sustainability and education.

However, NECAAYO has recorded a decline in sales during the past two years due to reduced orders from buyers. In 2018, they were unable to secure any UTZ contracts. In 2019, orders for UTZ and Fairtrade certified cocoa reduced by 25% and 76% respectively. However, in 2020, NECAAYO's sales increased as they received higher orders for UTZ certified cocoa totalling 1,500 metric tons. NECAAYO continue to explore other markets to increase their sales.



Freshly picked cocoa pods

#### **NECAAYO Coffee Farmer, Kouami Vincent**

Vincent is married with 11 children. He left school early as his parents were unable to fund his education. When old enough, he took ownership of their cocoa farm.

Before he joined NECAAYO, Vincent was unable to transport his cocoa to sell in nearby towns so was forced to sell to intermediary buyers at a low price. As a result, he struggled to meet the livelihood needs of his family; three of his children dropped out of school due to financial difficulties.

On a number of occasions, Vincent had no other choice than to offer part of his farm as collateral for small loans to cater for the needs of households. He said the situation has changed since joining NECAAYO.

---

*He stated: "NECAAYO provides us with a reliable market for our cocoa. They pay a fair price and give me pre-harvest loans. They also give me a loan at the start of the school year and I am able to send my children to school without any difficulty. All my other children are now in school because of the support from NECAAYO. I no longer give out my farm as a collateral for loans; I feed well my family and everybody is happy."*

---



## COCAGI Case Study<sup>22</sup>

Coffee Co-operative of Gichoma (COCAGI) is a coffee growers' co-operative located in the Gishoma district of western Rwanda. They started out as an association of coffee producers in 2002, in the same year the Rwandan National Coffee Strategy was launched to promote the production of high quality specialty coffee. Two years later, they formally registered as a co-operative and the Government supported them to establish a coffee washing station.

When they officially became a co-operative in 2004, COCAGI struggled to access credit facilities to maintain their operations. As their sole provider of finance, the Rwanda Co-operative Bank offered extremely inflexible terms, and a request for collateral. Their only form of security was the washing station constructed with government support, and its value was far below the amount required. Because of this, the facility that the bank granted them did not meet their operational costs during the coffee harvest seasons, and in addition, there were major delays in releasing the funds.

The General Manager of COCAGI Pastor HABIMANA Japhet said:

*"The loan approval process was long and cumbersome; the funds usually arrived towards the end of the harvest season and did not serve the intended purpose of paying the farmers on time. In addition, the interest rate was so high that the business could not make any meaningful profit."*

---

*"Our encounter with Shared Interest in 2009 brought a complete turnaround in the fortunes of COCAGI."*

---



COCAGI coffee farmer, Mukarutabana Dative

COCAGI's sales volume increased by almost 30,000kg in 2010, a year after Shared Interest provided COCAGI with their first export credit facility. This resulted in the cash flow needed for pay producers promptly for their coffee cherries. This improvement in payment provision attracted more producers to the co-operative.

In 2011, COCAGI supported their members living in areas identified by Government as high risk (due to them being prone to landslide or flooding etc.), to relocate. They established a housing fund and offered a credit facility of 500,000 RWF (£530). With this fund, 67 members constructed new houses in safer zones.

That same year, following the launch of a campaign by Government to eliminate houses with a thatched roof, COCAGI supported 30 producers with credit facilities to roof their houses with iron sheets.

COCAGI has also remained focussed on increasing access to health care. They have provided health insurance for all members of the co-operative since 2013, including one additional member from each producer's household.

The co-operative also pays a Mutual Health Insurance Premium for all permanent employees, as well as their social security contributions.

Since 2012, COCAGI has set up a fund to help people access an electricity supply. The co-operative has also been involved in the construction of community roads to provide access to essential services.

In 2014, COCAGI used a Term Loan from Shared Interest to purchase a new truck, along with a coffee-pulping machine, which almost doubled the production capacity of the washing station. During the 2015 coffee

---

<sup>22</sup> Appendix 11: Longitudinal Study ~ COCAGI

harvest, the station processed the highest volume of coffee cherries in the history of the co-operative.

In 2018, we increased the COEC facility to enable COCAGI to fulfil more orders. In 2020, we granted a further Term Loan for the purchase a coffee washing station in another zone and more land to grow coffee. This has resulted in increase in sales revenue for the business.



COCAGI coffee farmers at the washing station

The benefits of Shared Interest finance remain evident as COCAGI General Manager, Pastor Japhet, told us:

*"It has been a positive experience to work with Shared Interest. The funds are always distributed on time and since working together, we have been able to improve our production, and subsequently increase the income of the farmers."*



COCAGI coffee farmer, Venantian Mukakalisa

#### COCAGI Coffee Farmer, Nzabandora Manasse



Manasse is a single parent and a father of nine children. He has over 50 years' experience in coffee production and owns 300 coffee trees.

Before joining COCAGI, he lived with his children in a

wooden structure with no electricity. He owned 100 trees and was processing his coffee manually, selling it at low prices to local buyers. His total income was 25,000 RWF (£19) per month.

Manasse also struggled to meet the livelihood needs of his household. He said: "My children were living on a very poor diet."

He was borrowing from local moneylenders at high interest rates to finance the education of his children and pay for healthcare. Three of his children dropped out of school. However, thanks to COCAGI's Educational Fund, he was able to cover the education of his six other children. Manasse has also constructed a new house and installed a water and electricity supply.

*He stated: "Thanks to COCAGI and their financial partners, I have been able to fund the education of my children. A few years back, I did not have any means to do so, resulting in three of my children dropping out of school. Today, my income has improved and I can provide all food items for the consumption of my household."*

## Capucas Case Study<sup>23</sup>

Co-operative Cafetalera Capucas Limitada (Capucas) is a coffee co-operative established in 1999 and named after the community in which it was founded. The co-operative was formed by a group of 55 farmers, who wanted to grow good quality coffee and create a better quality of life for people living in the region.

Despite several years of suffering low international coffee prices, Capucas is one of the few co-operatives in Honduras to maintain a high level of fair trade exports, and have a reputation for creating a significant social impact.

In December 2015, Shared Interest approved a Commercial Export Credit (COEC) facility, which meant that Capucas could support farmers on the run up to harvest time. We increased this COEC facility further in 2016.

By paying farmers in advance, Capucas enables them to care for their crop, and generally maintain their farm.

Without pre-finance, farmers had struggled to prepare their land, leading to reduced yields below the quality expected by buyers.

Capucas General Manager, Omar Rodriguez said:

*"We have had cases before of producers that told us that they cannot deliver the typical production volume because no pre-finance was provided."*



Freshly picked coffee berries on a farm in Central America.

When this was the case, their only option was to sell their coffee to 'coyotes' (local middlemen who offer a low price and sell the goods on for their own gain).

In addition to Shared Interest, Capucas has received finance from other social lenders including Root Capital and Incofin.

Research indicates that the provision of pre-finance from social lenders including Shared Interest has been influential in local banks changing their approach to finance provision. In 2016, local banks began to finance coffee co-operatives more extensively.

The General Manager, Omar Rodriguez, continued:

*"This is also another indirect benefit of the contribution of Shared Interest and other social lenders - making the local banking system more open and competitive."*

As of 2019, Capucas had 35 employees (34% women) and worked with 911 farmers (25% women). The number of producers decreased between 2016 and 2018, largely due to 180 producers leaving to establish a new co-operative.

The Capucas community has benefitted from the co-operative's increased sales, which have boosted the subsequent Fairtrade Premium paid.

Capucas paid for the construction of the first community medical centre in 2010. They also made provision to recruit a doctor and pay their salary, to provide support to all community members. This was achieved in partnership with the local University, Universidad Nacional, who provided the specialist knowledge and designed the centre. This project has since expanded, and the Medical centre provides specialised health services, including dental care. There are now plans to build a maternity ward.

<sup>23</sup> Appendix 12: Longitudinal Study ~ Capucas

In 2017, Capucas launched the Virtual Capucas University. As all universities are located in urban areas, this has provided a further education facility to the more rural region of Honduras. The University is open to all community members, and offers a range of courses including microfinance and coffee business management.

Capucas supports the community primary school, including providing the salary of a teacher, as well as scholarships to 18 primary school students.

In 1999, they launched a women's project supporting the wives of producers to establish a small roasted coffee business. As the project grew, other women from the community joined the initiative.

To mitigate the effects of climate change, Capucas established a peer-to-peer learning programme on good agronomical practices, with the aim of reducing soil erosion and water consumption, as well as increasing biodiversity and shade in the farms through the planting of trees.

Capucas has the largest area in Central America to be certified as Bird Friendly, with 4,000 hectares designated as a renewable tree plantation. This certification guarantees that every bean is produced organically and under high-quality shade, ensuring tropical "agroforests" are preserved and migratory birds are protected. Capucas also produces coffee under this certification.

Since 2010, Capucas, has carried out reforestation activities, planting over a million timber trees in the region, and has supported farmers to diversify into organic fertiliser production, beekeeping, and growing lemongrass.

General Manager Omar Rodriguez continued:

*"The support of social lenders throughout the last five years have helped Honduran coffee farmers to increase their production, productivity, quality, and exports, and now the recognition of our coffee is far better. In addition, the income to rural areas has also increased, improving the livelihoods in rural areas such as Capucas. Without the component of the pre-harvest finance, all this will not have been possible."*

#### **Capucas coffee farmer, Jose Francisco**

Jose lives with his wife, less than 1km from Capucas' main facility. He has three small farms, where he produces honey, coffee, and lemon grass, and sells this to Capucas. He also grows avocados, oranges, and lemons for household consumption.



Jose has been a coffee farmer for 30 years and has received various types of support from Capucas, to increase the productivity of his farms. This support includes pre-harvest loans and training.

Jose has received two loans from Capucas. He used the first loan of to build a sundryer in 2012 and the second loan to improve the infrastructure of his wet mill, the following year.

He also told us the loans helped convert his farm to organic, and support in understanding the methods involved, as well as improving the sustainability of his farm.

We interviewed Jose in September 2020. Here, he tells his story in his own words:

*"[The pre-harvest loans are] important for me so I can cover all the expenses during months with limited income.*

*"The biggest accomplishment was definitely to gain all this valuable knowledge around coffee. Knowing about organic farming, sustainability. Having the capacity of leaving a sustainable business to my children. Since 1999, I have also been able to improve my house conditions, especially the flooring.*

*"But a more important use of the coffee income was the possibility to educate my daughters. Three completed high school and the youngest is about to finish it.*

*"I see Capucas as my home and family. I cannot be disloyal to the co-operative because I would be disloyal to me, and to my community."*

# Summary

## Part I: Our activities and operations

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

Our membership includes groups as well as individuals. Following last year's Rule change, we welcomed investors under the age of 16, in the care of a guardian. However, the majority of our members remain in the 65 – 74 age bracket. We have seen a significant growth in Share Capital, with an increase of £3m bring us to £46.1m. There has also been an increase in the number of people opening and managing their Share Account online. Sadly, we have also experienced some account closures due to the impact of Covid-19, and our thoughts and condolences are with the families affected.

In order to grow our membership, we continue to raise awareness using a combination of communication channels. Our 30th year has brought a high amount of award success, including receiving the Queen's Award for Enterprise in the category of Sustainable Development for the third time. This provided additional opportunities to raise awareness of our work as some advertising campaigns were postponed during the height of the pandemic. Engagement with current members remained an important focus. Our quarterly newsletter is instrumental in inspiring and informing people about the impact of their investment. This year we featured in-depth reports on how the pandemic has affected our customers.

Our volunteers play a vital part in fulfilling our mission through a growing variety of roles. Due to the restrictions imposed by Covid-19, some activities were different this year as presentations, stalls, and talks were postponed, cancelled, or moved online.



*Bukonzo coffee farmer Mary Kalyatha and her granddaughter Biira Unice (6) stand together in the doorway of their home in Kinoni village, Kasese District, Uganda.*

We continued to develop our partnerships with organisations towards the achievement of the United Nation's Sustainable Development Goals. This year, we explored our relationship with two organisations; one based in the UK, and the other in Latin America.

The need for our finance has become even more critical due to the disruption to trade caused by the pandemic. However, despite the challenges faced, most of our



*Candela Peru brazil nut producer, Esmiker de la Peña Huanuire, in Peru*

customers continued to operate, producing and/or exporting the majority of expected goods.

Our lending portfolio is divided into three regions and we have in-country representatives to provide close contact with our customers. Communication methods were adapted due to global movement restrictions in the latter part of the year and additional due diligence controls were applied. This is in line with balancing our desire for

finance to reach those who need it most, with the need to avoid placing our members' capital at excessive risk.

Our portfolio saw sustained growth, both in variation of customers and the products our lending supports. However, the majority of our finance remained focussed on the production of coffee and cocoa. Subsequently, South America continued to receive the highest value of payments due to the large number of coffee co-operatives based there.

We continued our aim to provide finance to smallholder farmers and artisans but our relationship with buyers remained crucial in reaching producers in countries in which we are not able to operate directly. Due to the pandemic affecting all levels of the supply chain, some payments were delayed as buyers postponed their orders from producers. Handcraft and textile producers were most affected across all regions.

The value of our committed facilities did show an increase, however, as a number of organisations asked for further credit during this time and we also provided facilities to new customers.

Looking at our lending by region, 55% of our overall payments went to Latin America. Meanwhile, 52% of producer groups in receipt of our finance were in Africa this year. There has been a rise in enquiries from textile and fashion businesses, which we believe may be due to increasing consumer demand for ethically sourced materials.

Our charity, Shared Interest Foundation, carried out a Strategic Review to provide a new direction for the next five years. This year, with the support of individual donors, Trusts and Foundations, we delivered five projects across Africa. We worked with a range of in-country delivery partners to achieve the overall aim of building sustainable businesses in rural communities. During the reporting period, we have worked with

women beekeepers in Burkina Faso, young cocoa farmers in Ghana, tea and nut co-operatives in Malawi, and supported a range of organisations in East Africa, to improve their governance. Funds from our carbon-offset project helped a farming community in Nicaragua to implement good practice methods in water management.

In direct response to the pandemic, we relaunched our Livelihood Security Fund, to help producers meet their basic needs and support their income levels. It was initially set up to help producers in the developing world recover from shocks that may affect the smooth running of their businesses, and subsequently impact their livelihoods.

Retaining positive and engaged people is important in Shared Interest's continued growth and success. This has proved even more vital following the impact of Covid-19. Prior to the pandemic, the vast majority of our colleagues worked within an office environment. Since March, everyone has been working remotely and Shared Interest has offered support to assist with this transition. This has included the provision of equipment as well as new initiatives to encourage health and wellbeing. At 30 September 2020, Shared Interest had a team of 39, spread across five countries.



*The Shared Interest team celebrating the Queens Award win via Zoom*

## Part II: Our impact

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 process has helped us evaluate our impact more effectively. The diagram on page 7 shows how this works. We used this model to inform our monitoring and evaluation framework. As part of this framework, we have published three longitudinal case studies, focussing on a coffee co-operative in East Africa, a cocoa co-operative in West Africa, and a coffee co-operative in Central America.

Using research carried out over a number of months, the studies follow the customer journey over several years. The objective behind this process is to understand the level of impact Shared Interest finance has on a recipient business and its wider community.

We recognise that there are external factors, which also contribute to the outcomes of the businesses we work with. However, through various data collection methods we aim to demonstrate the effect of our financial provision and business support.



Spaghnum moss farmer working for buyer Inka Moss co-operative in Peru

As investment from our membership increases, so does the value we can commit to our lending facilities. Working under the assumption that not all of our customers will borrow at the same time, the committed value limit is set at 135% of our Share Capital total.



Salvador Ruiz Mendoza - Del Campo farmer harvesting peanuts for buyer Liberation Nuts

Our in-country presence remains vital in growing the local knowledge required to supply a large proportion of this finance to producers in remote communities. Subsequently, 70% of our Share Capital this year has reached those smallholder farmers and artisans, who are in most need of finance. In 2020, we lent funds to 174 producer groups comprising 352,122 farmers and artisans. Of these, 35% are women and 8,516 are permanent employees. Overall, very few organisations saw a decrease in their workforce numbers.

Over a third of respondents to our Social Impact Survey stated that their farmers recorded a decrease in their income due to the pandemic and the loss of sales opportunities. However, data gathered through our customer annual review process shows that the income of producer group employees increased across all the

regions in 2020. The largest increase was in Africa, where cocoa co-operatives expanded their operations. In West Africa, we helped four cocoa co-operatives grow from local trade level to direct export.

In fact, coffee and cocoa production increased overall, and of 36 facilities, 16 were provided to new or existing coffee producers. Meanwhile, nine out of the 20 facility increases to existing customers were to cocoa producers in Ghana, Peru and Côte d'Ivoire. We have continued to see product diversification across our portfolio, with coffee farmers embarking on honey production and mango and hibiscus growers considering moringa and sesame, for example.



Handraft producer working for Allpa co-operative in Peru

We have 202 customers but as some receive multiple types of lending, there are currently 240 facilities in place across our portfolio.

This year, overall sales made by customers across our portfolio increased substantially and the majority made a profit. Ninety-eight percent of survey respondents stated that they have seen an increase in their sales, and over half indicated that the increase was due to better access to finance. This meant that they were able to buy a

higher volume of produce from their farmers and fulfil bigger contracts from buyers. Furthermore, 80% of respondents were able to carry out development work in their community.

In terms of wider social impact, research suggests that in specific cases, the provision of pre-finance from social lenders, including Shared Interest, has been influential in some local banks changing their approach to finance provision for co-operatives.



*Sesame seed farmer working for Coproexnic co-operative in Nicaragua.*

Our charity, Shared Interest Foundation, delivered training and mentoring to 25 co-operatives in Kenya, Uganda and Malawi, 50 young cocoa farmers in Ghana, and 84 coffee farmers in Nicaragua. This year, Good Agricultural Practices (GAP) and Climate Smart Agriculture were prevalent aspects of our training. On conclusion of our project in Malawi, which saw us collaborate with Malawi Fairtrade Network, and the Ministry of Agriculture, all farmers reported improvements to their crops, and subsequent increase in household income due to GAP. In Ghana, this project is ongoing but the young cocoa farmers have already recorded an improvement in their livelihoods. After

learning the benefits of planting maize and plantain amongst their cocoa tree seedlings, they have a new income source as well as a food supply for their families.

This summer, we launched two new projects in Burkina Faso to support women beekeepers. One project will build on the success of an established honey producer group, to help in their diversification into sesame. The other will help a group of women to become beekeepers in an area that often relies on the precarious goldmining industry as their only source of income.

Using funds from our carbon-offset project, we worked with Nicaraguan coffee farmers to encourage reforestation, increase soil fertility, and improve their yield through improved water management techniques and strategic tree planting.



*Freshly picked cocoa pods at Acopagro cocoa farm in Peru.*

Society customer, Bukonzo Organic Farmers Co-operative Union (BOCU), became the first beneficiary of our Livelihood Security Fund, relaunched to support producers through and beyond the pandemic. The coffee co-operative in Western Uganda was able to provide food and shelter to farmers and their families

following a devastating flood that occurred in the midst of Covid-19.



*Kalyata Ruben is a small coffee farmer and member of Bukonzo Farmers in Uganda.*

# 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	No 2019	No 2020
Beneficiaries	Organisations who benefit from the support of Shared Interest Foundation	Beneficiaries trained Producer groups receiving grants	2,797 3	1,515 4
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	174 30	174 28
	Other organisations that receive or make payments via Shared Interest Society	Recipient producers Non customer buyers	202 72	155 36
Donors	Shared Interest Foundation donors	Individual donors Corporate donors Churches and other groups Grant-making bodies	595 0 3	973 0 5
Our people	The Shared Interest team	Our people	37	39
Members	Shared Interest Society investors	Members	10,009	10,228
Partners	Those we collaborate with for mutual benefit	People, groups and organisations we work with and umbrella groups of which we are members	28	39
Volunteers	Individuals who volunteer their time and expertise to Shared Interest	Volunteers	112	114

# 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.

## CUSTOMERS

In addition to our regular 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:

An electronic survey was sent to 107 producer customers and 46 responses were received. An electronic survey was sent to 24 buyer organisations and 12 responses were received.

This year the Producer Committee Meetings were held virtually, most of which were 1-2-1 interviews. 23 producers participated: Burkina Faso (2), Côte d'Ivoire (4), Ghana (2), Honduras (2), Kenya (1), Malawi (1), Mexico (2), Nicaragua (3), Rwanda (4), Tanzania (1) and Uganda (1).

## BENEFICIARIES

Information from organisations benefiting from the work of Shared Interest Foundation were consulted on a project basis:

1. East Africa Governance and Finance Training – To conclude this project an evaluation was conducted in February 2020 to inform our final project report. This involved reviewing the indicator tracking charts completed by project participants and consulting with project stakeholders.
2. The Malawi Sustainable Solutions to Poverty – In April 2020, six months after this project ended, we conducted an external project evaluation. This involved interviewing project stakeholders and reviewing data to assess project impact.
3. Growing Fairer Futures – All 50 project participants completed a baseline survey at the start of this project and a post-training evaluation form.
4. Environmental Project (Nicaragua) – An end of project report was compiled in August 2020. As part of the data collection, five project participants were interviewed.
5. Livelihood Security Fund - A one-month report was compiled following the start of this project.

## MEMBERS

Our AGM took place in Newcastle in March 2020. A total of 39 members attended the event. Correspondence with members is also shared with the Board on a regular basis..

## VOLUNTEERS

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.

## BOARD OF DIRECTORS / TRUSTEES

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.

## COUNCIL

Council is not consulted separately from members as part of the Social Accounts process. However, the final report is tabled for discussion during their annual 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.

## DONORS

We have ongoing communication on a project by project basis with our grant funders. As part of our Foundation Strategic Review, an electronic survey was sent to 640 individual donors and we received 185 responses.

## OUR PEOPLE

Over recent years, we have worked with People Gauge to carry out an engagement survey. However, this year due to the change in our working circumstances, we chose to instead compile an online survey specific to the current situation. The survey was completed by 32 staff out of 39 who were employed at the time of the survey in May 2020 (82%). The results of the survey were circulated to all staff for information.

## PARTNERS

We consulted with two partners this year: Fairtrade Foundation and The Latin American and Caribbean Network of Fair Trade Small Producers and Workers (CLAC), to develop case studies to help demonstrate how our partnerships with these organisations contribute to the achievement of the Sustainable Development Goals. As part of our Foundation Strategic Review, we conducted telephone interviews with 12 organisations in the International Development sector.

	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Customers</b>	Social Impact Survey for M&E purposes. (76/169)  Producer committees were held differently according to region. (24 in total)	Social Impact Survey to producer and buyer customers. (71/170)  Producer committees were held differently according to region. (34 in total)	Social impact survey to producer and buyer customers (58/131)  Producer Committee Meetings were held virtually, most of them in the form of telephone interviews with customers (23) to gather impact data.
<b>Beneficiaries</b>	We gathered data from the representatives of the 70 active member businesses of the Swaziland International Fair Trade as part of the Improving producer livelihood in Swaziland project.  East Africa Governance and Finance Training Project surveyed 100 individuals from 20 co-operatives to collect baseline data for impact monitoring.  The Malawi project carried out a mid-term evaluation by administering a survey to 50 producers from the five beneficiary co-operatives.	To conclude the project an external evaluation was conducted which included data gathered from all active member businesses and representatives of SWIFT.  Through the East Africa Governance and Finance Training project we surveyed 68 training attendees and collected data from 20 co-operatives for impact monitoring.  The Malawi Sustainable Solutions to Poverty project carried out a post-training survey completed by 52 co-operative members who attended the Business Plan training.  All 50 beneficiaries supported through our Bees for Business project completed a baseline and end of project survey.	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.  An external evaluation was conducted following the conclusion of The Malawi Sustainable Solutions to Poverty project involving stakeholders from the five participating co-operatives.  All 50 beneficiaries from our Growing Fairer Futures project completed a baseline survey and a post-training evaluation.  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.
<b>Members</b>	Feedback forms at AGM and member meetings.  Member Survey sent to all members who are happy to receive mail. (2,669/6,889)	Feedback forms at AGM and member meetings.	Feedback forms at AGM and letters sent by members.
<b>Volunteers</b>	No formal consultations took place with this group.	Individual Catch up call offered to all volunteers (Oct 2018) 40 calls carried out.	Individual catch up calls offered to all volunteers and 23 calls were carried out.
<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 (31/34), Internal Communications Survey (22/34), and Volunteering Survey.(16/34)	Engagement Survey (34/37), Volunteering Survey. (21/37).	Staff survey (32/39).
<b>Donors</b>	No formal consultations took place with this group.	No formal consultations took place with this group.	Electronic donor survey (185/640)
<b>Partners</b>	Partner Survey.(10/36)	Partner consultations. (2/28)	Partner consultations (10/39)

# How we have progressed over the year

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

What we said we would achieve	Progress to date
<b>Our Members and Donors</b>	
<ul style="list-style-type: none"><li>• Increase Share Capital and investor numbers to meet the increasing lending pipeline.</li><li>• Maintain a strong focus on member engagement, creating opportunities for members to contribute, question and increase their knowledge. Ensuring a focus on the 30th anniversary celebrations.</li><li>• Develop new funding sources for Shared Interest Foundation.</li><li>• Implement and embed the new Rules allowing us to accept investment in USD and EUR and from under 16 year olds.</li></ul>	<p>Investment growth was strong throughout the year achieving net growth of £3m against a budget of £1.5m.</p> <p>The AGM went ahead but our 30<sup>th</sup> anniversary event and our member events were cancelled due to the pandemic. Members received our 30<sup>th</sup> Anniversary issue of QR and notification that we had been recognised with our third Queen's Award. Despite working remotely, we have maintained good communication with members, dealing with all telephone and postal requests.</p> <p>Unrestricted donations have increased. Many came from members who sadly passed away and generously left a legacy to the Foundation. and we have secured a number of small grants from trusts such as the Evan Cornish Foundation and Guernsey Overseas Aid Commission, to implement projects in Burkina Faso.</p> <p>Five Share Accounts have been opened in EUR and we have a number of pending enquiries. We continue to work with advisors in the Republic of Ireland on whether we can open our Share offer in that country. This year 134 Share Accounts were opened by Under 16s (2019: 102).</p>

## Our Lending

<ul style="list-style-type: none"><li>• Review the balance and risk of the lending portfolio to improve the sustainability of the business model. While not losing the focus on the small and disadvantaged producer groups.</li><li>• Increase and diversify the lending portfolio through exploration of new markets, particularly Asia, and by working with certifications that comply with the WFTO 10 Fair Trade Principles.</li><li>• Explore collaboration to develop products to help producers tackle climate challenges.</li><li>• Develop existing and new partnerships to ensure that we are included within wider technical assistance programmes in order to provide capacity-building support for our producers.</li><li>• Undertake a strategic review on the future work of the Foundation.</li></ul>	<p>Although the new lending system is providing improved data, progress on analysis has not been as expected. Roundtable discussions between the Lending Team did not occur in March due to travel restrictions. Colleagues have focussed on managing the impact of Covid-19 on customers. We begin work with student consultancy group from Durham University in November 2020.</p> <p>We have explored opportunities for lending to support new products, where possible. Facilities were approved for nine new businesses for a collective sum of £2.4m. Four were for coffee and cocoa, the others were for soy, sugarcane, mango, honey, and clothing. One group is certified by SPP, another by BAFTS, three were assessed against the WFTO principles and the others were Fairtrade. We started working in Togo for the first time. Desktop research progressed for the Asia market, though planned trips to the region were cancelled.</p> <p>Opportunities have been explored where possible, while balancing the need to increase lending and income.</p> <p>We remain engaged with CSAF and have been accepted on the Aceli programme for East Africa. Aceli also started a Technical Assistance programme and we recommended it to relevant groups. CSAF social lenders also discussed potential producer support in response to the pandemic and links were made to possible donors. Many capacity building schemes have ceased due to restrictions in many countries.</p> <p>We engaged with the research teams and discussions around the future of the Foundation. The review was successfully completed and a five-year plan was implemented.</p>
--	--

<b>Environment and Financial Stewardship</b>	
<ul style="list-style-type: none"> <li>• Manage our resources to ensure we minimise the environmental impact of our operations.</li> <li>• Maintain robust controls managing our exposure to risk.</li> <li>• Ensure a successful delivery of the carbon-offset project. <ul style="list-style-type: none"> <li>• Successfully recruit two Non-Executive Director's to assist in the delivery of our strategy.</li> </ul> </li> <li>• Successfully renew the bank facility with Santander UK.</li> </ul>	<p>We continued to seek ways to reduce our environmental footprint, and have also seen a substantial reduction in resource use, due to Covid-19 restrictions.</p> <p>We have maintained existing controls and also implemented additional measures due to remote working. During the pandemic, it has proved more challenging to follow up on arrears but contact has improved in recent weeks and in-country support re-established in most cases.</p> <p>Shared Interest Foundation worked with an in-country partner to train 84 farmers in Nicaragua on Climate Smart Agriculture and to construct 65 filters to assist with water management.</p> <p>Yvonne Gale and Cristina Talens were co-opted to the Board in December following a recommendation from the Nomination Committee. Members elected them both at the AGM in March and their skills and experience are now contributing to the Board following a period of induction to the organisation.</p> <p>Successfully renewed at appropriate level.</p>
<b>Our Team</b>	<ul style="list-style-type: none"> <li>• Maintain a strong focus on positive team engagement</li> </ul> <p>The coronavirus crisis impacted plans over recent months, including training and development, and the opportunity to be together at teambuilding activities and our 30<sup>th</sup> anniversary celebration</p> <p>Prior to the crisis, in February, a Fairtrade breakfast was organised for the Newcastle team and other businesses within our office block. This provided the opportunity to engage with others and share some Fairtrade products.</p> <p>Throughout the year, we continued to promote health and wellbeing with newsletters and initiatives. We shared ideas to help with the extended working from home period. The Health &amp; Safety Committee presented tips on workspace arrangements, healthy eating, exercise, and positive mental attitude.</p> <p>We have continued our usual schedule of internal meetings to keep in touch with colleagues. In March, we introduced online chat groups and quizzes to encourage social interaction between colleagues.</p> <p>In order to encourage physical and mental wellbeing, we launched an Activity Challenge in July.</p> <p>We implemented a short questionnaire and a survey to engage with colleagues on their experience of remote working.</p>

# What we want to achieve next year

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

- Maintain a strong focus on positive employee engagement and continue wellbeing initiatives.
  - Manage the transition to working in a post-Covid world.
  - Increase Share Capital and investor numbers to meet the increasing lending pipeline.
- Embrace virtual opportunities to maintain a strong focus on member engagement, creating opportunities for members to contribute, question and increase their knowledge.
- Shared Interest Foundation will continue to develop its strategic plan by increasing our environmental projects, engage with new partners with environmental expertise and develop, through training, our understanding of environmental challenges faced by fair trade producers.
- Develop methodology to assess the risk of the lending portfolio, the social impact, and the activities undertaken to earn the income.
  - Ensure that the organisation continues to fulfil its mission while maintaining a balance of risk, which is sustainable in the portfolio, by reviewing our mechanism for pricing and monitoring risk, with the goal of reducing outstanding arrears.
  - Increase and diversify the lending portfolio through exploration of new markets, particularly Asia.

# GLOSSARY AND ABBREVIATIONS

## 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.

## BAFTS

BAFTS is a network of independent shops and suppliers dedicated to promoting fair trade retail in the UK.

## Beneficiaries

Those benefiting from Shared Interest Foundation projects.

## 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 pre-finance to pay for orders in advance of shipment.

## Capacity Building

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

## 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.

## CLAC

The Latin American and Caribbean Network of Fair Trade Small Producers and Workers

## Climate Smart Agriculture

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

## Commercial Order Export Credit (COEC)

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

## Coface

Global credit insurer

## Committed Lending

A credit facility has been agreed with the customer.

## Council

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

## CSAF

The Council on Smallholder Agricultural Finance - a global alliance of social lenders of which Shared Interest is a member, focussed on serving the financing needs of small and growing agricultural businesses in

low and middle-income countries worldwide.

## Donors

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

## Ethical Finance

Providing finance in a fair and equitable manner.

## EUR, GBP, RWF, USD

The main currencies in which Shared Interest lends - EUR: Euros; GBP: Pounds Sterling; RWF: the Rwandan Franc; 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.

## FX Swap

Forward exchange equals when currency is exchanged now at an agreed rate with a fixed commitment swap back at a future agreed date and rate.

## 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

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

## FLO

See Fairtrade International.

## FLOCERT

The global certification body for Fairtrade.

## Good Money Week

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

## Incofin

Investment management company managing funds in emerging countries.

## Insights

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

## M&E

Monitoring and Evaluation - the ongoing process of measuring changes and analysing the extent to which these have

derived from our work and achieved the intended aims.

#### **Market access**

Ability of those producing products or services to find buyers.

#### **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.

#### **MET**

Member Engagement Team.

#### **MFTN**

Malawi Fairtrade Network - umbrella body of Fairtrade producer organisations in Malawi. Providing advocacy, research and market development.

#### **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

#### **NHPR**

How we define one of our lending regions – Northern Hemisphere and Pacific Rim.

#### **OECD**

The Organisation for Economic Co-operation and Development. An intergovernmental economic organisation founded to stimulate economic progress and world trade.

#### **People Gauge**

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

#### **PNCEB**

Plateforme Nationale du Commerce Équitable Burkina. This translates as 'The

Burkina Faso network for fair trade organisations'.

#### **Pre-finance**

Pre-finance 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 pre-finance 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.

#### **Rolling Facility**

A facility with an established maximum amount, where the customer has access to the funds at any time when needed.

#### **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.

#### **Second level co-operative**

The secondary level co-operative is responsible for handling the export logistics of the product. It is made up of primary co-operatives of farmers.

#### **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.

#### **SMEs**

Small Medium Enterprises

#### **SPP**

The Small Producers' Symbol, SPP, is an independent and accessible certification system for sustainable production, democratic organisation, fair trade, and self-management.

#### **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.

#### **Trustees**

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

#### **UCA SJRC**

Unión de Cooperativas Agropecuarias de San Juan del Río Coco R.L.(UCA SJRC) - A coffee producer based in Nicaragua.

#### **UNDP**

United Nations Development Programme.

#### **UNESCO**

United Nations Educational, Scientific and Cultural Organization.

#### **UTZ**

A certification program for the sustainable farming of coffee, tea, cocoa and hazelnuts.

#### **UK GAAP**

UK Generally Accepted Accounting Practice.

#### **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.

#### **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/SA20/App#](http://shared-interest.com/SA20/App#) (Replace # with the Appendix number)

1. Directors' Report and Accounts for the Society
2. Shared Interest Foundation Accounts
3. Description of Lending Products
4. The Council on Smallholder Agricultural Finance (CSAF) State of the Sector Report 2019 available online at:  
[https://csaf.org/wp-content/uploads/2019/07/CSAF\\_State\\_of\\_Sector\\_2019\\_Full\\_Final.pdf](https://csaf.org/wp-content/uploads/2019/07/CSAF_State_of_Sector_2019_Full_Final.pdf)
5. CSAF\_State\_of\_Sector\_2020\_Full\_Final.pdf available online at [https://csaf.org/wp-content/uploads/2020/07/CSAF\\_State\\_of\\_Sector\\_2020\\_FINAL.pdf](https://csaf.org/wp-content/uploads/2020/07/CSAF_State_of_Sector_2020_FINAL.pdf)
6. OECD-FAO Agricultural Outlook 2019 – 2028 available online at  
<http://www.fao.org/3/ca4076en/ca4076en.pdf>
7. Explanation of our Country Lending Risk and Analysis of Producer Lending
8. Coface Report 2019  
<https://www.coface.uk/Economic-studies/Rwanda>
9. Social Impact Survey
10. Longitudinal Study ~ NECAAYO
11. Longitudinal Study – COCOAGI
12. Longitudinal Study ~ Capucas
13. Volunteer Roles
14. Budgetary Control, Financial Reporting and Authorisation
15. Our Approach to Procurement
16. Green Policy
17. Compliance with Statutory & Voluntary Codes
18. Social Audit Network Key Aspects Checklist
19. Social Audit Network Process
20. The 17 Sustainable Development Goals
21. Fundraising Policy

In addition to internal data systems, and the Appendices above, a list of consultations, reports and further information contributing to the Social Accounts, which was made available for inspection by the Social Audit Panel, can be found at [shared-interest.com/SA20/supplementary](http://shared-interest.com/SA20/supplementary)

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

T: (0)191 233 9100  
F: (0)191 233 9110  
[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

