

QUARTERLY RETURN 119 • SPRING 2021

# WORKING WITH EMPATHY AND COMMITMENT

## **WHEN WILL FARMERS REAP THE BENEFITS OF THE COCOA THEY GROW?**

Farmers in Ghana and Côte d'Ivoire continue to face challenges due to cocoa pricing.

## **TWO DECADES OF DEDICATION TO A FAIRER WORLD**

Head of Lending, Malcolm Curtis, announces his retirement from Shared Interest after 22 years.

## **OUR FIRST ONLINE AGM**

A record number of members joined us for our first online AGM, on Friday 12 March.



# WELCOME TO YOUR SPRING EDITION OF QR, WHICH REFLECTS ON A BUSY PERIOD IN THE SHARED INTEREST CALENDAR. WE MARKED FAIRTRADE FORTNIGHT, INTERNATIONAL WOMEN'S DAY, AND HELD OUR ANNUAL GENERAL MEETING (AGM).

Although we were unable to hold our AGM in the usual way, our first virtual version took place on Friday 12th March, with the highest attendance in our history. Almost 300 members joined the meeting, many having never attended our AGM in the past, making the Q&A session particularly interesting. Our workshops were also a great success and you can read more on pages 4 to 7.

Fairtrade Fortnight saw us launch our latest 'Little Book of Fairness' for primary school children. Designed in response to our growing audience of young investors, this resource provides a fantastic way of helping young people understand the concept of fair trade. We also look forward to introducing you to our new superhero mascot, Captain Cocoa, who features in our animation about tackling the challenges of climate change. Although we are currently unable to visit schools, we can carry out classroom presentations online, so please do get in touch if you know of a school that may be interested. Copies of the 'Little Book of Fairness' can be posted out free of charge to families and schools. Please email us at [info@shared-interest.com](mailto:info@shared-interest.com) if you would like further information.

As we move out of lockdown here in the UK, we continue to keep in touch with our customers in communities around the world, to understand the varying challenges faced due to Covid-19. In this issue, we examine how Latin America was one of the worst hit regions in the world, however, coffee farmers in Honduras and Peru reported one of their best harvests yet. Our feature on buyer customers details how Shared Interest finance has allowed an ethical fashion brand more flexibility with artisans affected by the pandemic. We also bring you an update on how cocoa farmers in West Africa continue to be affected by pricing. This ongoing problem, coupled with the implications of Covid-19, mean that despite ideal growing conditions, farmers are unable to reap the benefits they deserve. If you would like further information on any of the topics discussed in your newsletter, please contact our Membership Team on 0191 233 9102 or email [membership@shared-interest.com](mailto:membership@shared-interest.com), who will be happy to help. Until our next edition, stay well and stay safe.

Best wishes,

*Patricia*

**Patricia Alexander**  
Managing Director



Front Cover Image: Cocoa producer working for Ecojad cocoa co-operative, one of the seven member co-operatives of Ecookim.

## CAPTAIN COCOA & CLIMATE CHANGE

Although Fairtrade Fortnight looked very different this year, supporters still came together online and across social media, to put farmers' voices at the heart of tackling the climate crisis, and to share the reality of their struggles.

The Fairtrade Foundation, said: "The climate crisis is an immediate and ever-increasing threat and those in climate vulnerable countries are already seeing its impacts from droughts and crop disease to floods, heatwaves and shrinking harvests."

We highlighted these issues in our annual 'Little Book of Fairness' for young children, which was launched during the two-week campaign. Available to download on our website, this colourful publication can also be posted out to schools and families on request – you do not need to be a Shared Interest member to receive it. This year's edition is packed full of activities, including an interactive board game and fun stickers to show the process from cocoa pod to chocolate bar. Please email [info@shared-interest.com](mailto:info@shared-interest.com) if you would like more information.

Our new animation also features one of the characters from the Little Book. Captain Cocoa, the superfruit cocoa pod guides us through a journey to learn about climate change. Please do spare a few moments to watch this short film on our website at [shared-interest.com/book-of-fairness](http://shared-interest.com/book-of-fairness) and share it from our Facebook, Twitter, and LinkedIn channels if you can.

Although unable to coordinate our usual schedule of in-person events, we took part in the Fairtrade Foundation 'Choose the world you want' online festival with virtual events organised with Fairtrade Yorkshire, Fairtrade Aberdeen and Fairtrade Lancashire. All events were well attended with our Foundation Programme Manager, Kodzo Korkortsi and East Africa Lending Manager, Immaculate Ochieno talking about how fair trade is supporting producer communities.

### UPCOMING ONLINE MEMBER EVENTS

Following the update we brought you in your winter QR, we can now announce details of our next series of supporter events, which will be held online, later this year.

Below you will find dates of the planned events, and we would love you to join us.

The events will give us the opportunity to hear your thoughts and views, and will keep you up to date with the impact of your investment.

#### Wed 19th May:

Focus on West Africa  
~ Learn about cocoa production in the region

#### Thurs 27th May:

Focus on East Africa  
~ Learn about coffee production in the region

#### Mon 7th June:

Focus on South America  
~ Learn more about honey and coffee producers in the region

#### Tues 15th June:

Focus on Central America  
~ Learn more about honey, coffee, and sesame seed producers in the region

The West and East Africa events will take place at 2pm and the South and Central America events will run at 3pm. All events will last for one hour.

If you would like to join us at any of these events please email [membership@shared-interest.com](mailto:membership@shared-interest.com) or call us on 0191 233 9100 stating which event you would like to attend. Please note that registration closes one week before each event.



Please note: Some photographs included in this newsletter were taken before the restrictions imposed due to Covid-19.

# RECORD ATTENDANCE AT OUR FIRST ONLINE AGM

We held our Annual General Meeting (AGM) on Friday 12th March. Due to ongoing Covid-19 restrictions, the event took place online for the first time and achieved the highest attendance in our history.

Shared Interest Chair of the Board, Mary Coyle, welcomed nearly 300 members as she gave her opening speech saying: "It has been a difficult year for us all, and our thoughts are with those who have faced illness or lost loved ones. The AGM is a time when we usually come together with overseas colleagues and welcome producers to share stories in person, of the impact of your investment. We are disappointed that this has not been possible this year but are grateful that technology allows us to be together in some way until we can meet with one another again."

Managing Director, Patricia Alexander echoed these sentiments, saying: "We never imagined that we would still be apart after 12 months. Nevertheless, it is very positive to see so many members joining us today, and some for the first time."

Patricia went on to give an overview of Shared Interest activities over the year, expressing her thanks for the commitment of everyone involved. She said: "I am proud of the team, how they have adapted to this new way of working. Also, our 92 volunteers, who carry out a variety of roles. We are grateful for their dedication in this difficult time when many are unable to support us in their usual ways."

"Our incredibly loyal members have helped us grow our Share Capital by over £3m, which is a 7% increase. Since the financial year-end, we have achieved a further growth of £2m, to bring us to a Share Capital total of over £48m."

"IT WAS VERY INFORMATIVE, ENGAGING, AND HONEST."

MEMBER COMMENT

"In 1990, Shared Interest had 166 members in its first year, and 57 of those individuals are still with us today. Tragically, we have lost 274 members to Covid-19 since last March, and we send our heartfelt sympathy to all families who have suffered the loss of a friend or family member."

"We continue to hear stories of support from our customers, as they too suffer the effects of the pandemic. Their use of the Fairtrade Premium to provide items such as masks, hand sanitiser and food to their communities has proved vital. Throughout the year, we continued to approve applications from organisations we have not lent to before, reaching a total of 203 customers. A virtual due diligence process was introduced, which enabled us to do this."

"Our finance supports 48 products, ranging from quinoa to honey. Coffee and cocoa remain predominant, in line with the number of certified Fairtrade producers growing these crops. However, it is our lending to handcraft producers, which reaches the most disadvantaged communities. This year, 11% of our overall finance went to these groups, where the majority do not own any land for farming, so handcrafts form their sole source of income."

"We have continued our work in meeting the Sustainable Development Goals (SDGs) and you can read more about this in our Social Accounts report on our website. Sadly, global progress on these goals has been set back due to the pandemic and Oxfam recently stated in their Inequality Virus Report\*, that over two million people have died, and hundreds of millions of people are being forced into poverty while many of the richest – individuals and corporations – are thriving. Billionaire fortunes returned to their pre-pandemic highs in just nine months, while recovery for the world's poorest people could take over a decade."

Patricia went on to describe how developing world communities are not just facing the impact of the pandemic but also the immediate effects of climate change as droughts, flooding and hurricanes destroy livelihoods and heighten food insecurity. Patricia said: "In direct response to this our charity, Shared Interest Foundation, relaunched its Livelihood Security Fund and provided assistance to its first

beneficiary, as well as carrying out six other projects. These projects included supporting women beekeepers in Burkina Faso, and encouraging young cocoa farmers in Ghana to use their skills within their own communities, instead of moving to towns and cities to look for work. We also ran an environmental project in Nicaragua, supported by the Society's Carbon Offset Fund."

Finance Director, Tim Morgan said: "The financial overview, given the circumstances, is of a steady year overall. We had the very strong growth in Share Capital mentioned earlier and an encouraging increase in the number of Share Accounts. Crucially, we managed our lending and capital within a low exchange rate environment."

Tim talked through progress made over the last four years and the more recent challenges of fluctuating interest rates and exchange rates. He explained how this is due to the majority of investment being in Sterling, and over 90% of our lending being made in other currencies – mostly US Dollars and Euros.

Going on to talk about the increase in bad debt, Tim said: "We have seen a higher level of bad debt charges this year, undoubtedly due to the impact of Covid-19 to some extent, with new bad debt provisions needing to be made against a higher number of accounts than usual. We conclude the year however, at the lower level of the target range of reserves as set out in the financial statements on page 8."

Other financial points included:

- Interest earned on deposits steady at £54k
- Cost of money borrowed reduced by £472k to £233k
- Bad debt cost was £1,166k, an increase of £309k
- There was no proposal to donate funds from the Society to the Foundation
- The result for the year was a small loss after paying interest to members

"I AM PROUD TO BE A MEMBER OF SUCH A PIONEERING ORGANISATION WHICH IS WORKING TO CHANGE LIVES AND COMMUNITIES FOR THE BETTER."

MEMBER COMMENT

Martin Canning

David Bowman



## EXCERPT FROM COUNCIL MODERATORS REPORT

The fair trade market continues to evolve, and it is good to see the Society evolving with it.

The care and support the management has shown towards staff working from home, whether in the UK or overseas, has been exemplary. It has definitely been a difficult set of circumstances under which to operate, and the impact continues. As far as the finances of the Society are concerned, the outturn for the year does show a loss after payment of member's interest, but there has been an increase in bad debt provision, which is perhaps not surprising in the current climate. I hope the majority of members can understand this and have an acceptance that this is a risk we are willing to take in pursuit of providing financial support to vulnerable communities.

This AGM marks the end of my two terms serving on Council - six years that I have enjoyed hugely. Someone new will now take that slot and bring their own views and impressions to the work of Council. I wish them well. I would also like to thank the other members of Council for their support, encouragement and friendship.

You can read minutes from the meeting, overview of the Q&A session and the full Council Moderator's Report online at [shared-interest.com/agm2021](https://shared-interest.com/agm2021)

## VOTING

Results of the postal ballot were confirmed during the online event. This included the reappointment of Mary Coyle and the election of Richard Anderson to the Board, together with the re-election of Katarina Diss and the election of Shelagh Baird-Smith to Council. The following resolutions were carried on the day with a significant majority (and this reflected proxy votes of members not attending the online event):

- Financial Accounts
- Social Accounts
- Pay arrangements of the Executive Directors
- Re-appointment of Auditor

Our Chair, Mary Coyle, closed the meeting, thanking retiring Non-Executive Director, David Bowman, who stepped down from our Board of Directors last December after serving eight years. Mary also thanked Martin Canning, our Joint Moderator, who retired from Council on the day of the AGM after serving his six-year term.



# MEMBER WORKSHOPS

Following our AGM, we ran a series of workshops in the afternoon. Members joined us for interesting discussions on a wide range of topics.



## WORKSHOP 1: REACHING PRODUCERS

Our Lending Team shared their experiences of the producers being supported by Shared Interest. 189 people participated in the sessions and asked a wide range of questions.

Andrew Ridley, Regional Manager Africa said: “We know that our members are extremely interested in how we reach producers in remote communities. This meant there was a great variety of questions asked, offering an opportunity for our regional team to demonstrate their vast knowledge of the markets in which we operate.”

### Q: WHAT IS THE SHARED INTEREST POLICY AROUND LENDING TO NON-FAIRTRADE CERTIFIED CUSTOMERS?

A: Our aim is to increase and diversify the lending portfolio through exploration of new markets, and by working with a range of certifications that comply with the World Fair Trade Organization (WFTO) 10 Fair Trade Principles. This year, we approved lending facilities 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 the Small Producers' Symbol (SPP), another is a member of BAFTS Fair Trade Network UK (formerly known as the British Association for Fair Trade Shops), three were assessed against the WFTO principles, and the others were certified Fairtrade.



## WORKSHOP 3: SHARED INTEREST FOUNDATION PROJECTS

154 members participated in this workshop which looked at recent and future projects, delivered by our charitable arm Shared Interest Foundation.

Kodzo Korkortsi, Programme Manager said: “The workshop went really well. There were some great questions from participants and it was encouraging to find out that a large number of people were interested in the work of our charity.”

### Q: WHAT IS THE BENEFIT OF SELECTING FOUNDATION DELIVERY PARTNERS LOCALLY?

A: Shared Interest Foundation continues to provide business support to producer groups across Africa and Latin America. We work with in-country delivery partners as they have a deeper understanding of the local context and culture. As specialists in their field, we will work with them in building project objectives to ensure we meet producer needs.

As an example, in our Growing Fairer Futures project, we partnered with the Cocoa Health and Extension Division (CHED) of the Ghana Cocoa Board to deliver training in Good Agricultural Practices (GAP) and Climate Smart Agriculture to 50 young cocoa farmers in the Osino District of eastern Ghana.

Image 1: UGF, shea butter producer in Burkina Faso.

Image 2: Coffee is weighed at a farm in Uganda.



## WORKSHOP 2: FINANCES

Finance Director, Tim Morgan and Non Executive Director, Yvonne Gale ran the workshop for 19 members who wanted to know more about the Financial Accounts and audit process.

Tim said: “The Finance workshops were smaller which enabled us to facilitate a lot of group discussion on a wide range of topics. Our members certainly ask some great questions about all aspects of Shared Interest.”

### Q: HOW HAVE HANDCRAFT PRODUCERS FAIRED IN THE PANDEMIC. RECENTLY IN QR, IT SEEMS AS IF THEY ARE HIGHER RISK. ARE THEY REFLECTED IN THE BAD DEBTS, AND IS SHARED INTEREST WORRIED ABOUT THEM?

A: We believe some of the greatest developmental benefit comes from lending to handcraft producers, so we are keen to continue to support them. We do have some who are direct customers, and others we reach through buyer organisations. For example, in India we cannot finance producers directly due to regulations but can make a payment on behalf of their buyer. Lending to handcraft producers is seen as higher risk than financing commodities due to factors such as relying more heavily on local tourism and they do feature in our bad debt charge. However, the finance tends to be in smaller amounts. The pandemic has affected the handcraft sector deeply as their products are not deemed ‘essential goods’, unlike many crops, so we are concerned for the livelihoods of handcraft producers and will seek to support them where possible.



## WORKSHOP 4: THE IMPACT OF COVID-19 ON SHARED INTEREST

Seventy members joined this workshop which focused on how the Shared Interest team adapted to remote working and introduced new technology, due diligence and membership processes during the year.

Kerrey Baker, Head of Member Engagement said: “The workshop highlighted the true strength and resilience of Shared Interest colleagues and members. There was an overwhelming sense of community, which makes you very proud.”

### Q: HOW IS THE OVERSEAS TEAM COPING WITH THE TECHNOLOGY OF WORKING REMOTELY?

A: 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 40 customer visits, across all regions, before the Covid-19 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. In terms of working from home, we have encouraged flexible working patterns and emphasised the importance of exercising outdoors, as well as joining virtual social events where possible, across the Shared Interest team.

Image 3: Bukonzo coffee producer in Uganda.

Image 4: Shared Interest staff on Zoom call at Christmas event.

# TWO DECADES OF DEDICATION TO A FAIRER WORLD



In May, our Head of Lending, Malcolm Curtis will bid farewell to Shared Interest after 22 years of dedicated service. Working closely with our regional representatives and Newcastle team, Malcolm has helped bring our finance to the communities that need it most.

Managing Director Patricia Alexander said: “We know you will join us in wishing Malcolm a very happy retirement. He joined Shared Interest when the organisation was developing its pioneering role in fair finance. In 1999, there were 17 customers and £6.5m in lending facilities. Today, we have 203 customers and £57.5m in facilities.

“I want to thank Malcolm for his commitment to Shared Interest as an integral part of the Lending Team over the past two decades as he embarks on this exciting new chapter.”

As one of our longest serving team members, we asked Malcolm to describe some of the changes, challenges and achievements he has seen during his career at Shared Interest. Here, he shares some of the highlights:

“I joined Shared Interest in 1999, after working at NatWest Bank for many years. My wife spotted an advert in The Guardian, with the headline ‘Use your lending skills to help people in the Third World’ and said: “You could do that.” I liked the idea of using my skills and experience to help people rather than make profit.

“We were living in Leamington Spa at the time, and coincidentally, a couple from Newcastle were staying at our house. We had offered them accommodation while they were taking part in a training course at our local church. I asked if they had heard of Shared Interest – and they told me about the impact the organisation made. It all seemed to fall into place. We had that conversation in January, stayed with them when looking for accommodation, and by April, I had started my new role.

“My job title was Advances Officer and it has changed a few times over the years. One of the biggest contrasts between then and now was the lack of technology. There were no emails – we faxed everything. Sometimes documents would not go through, and we would try several times over the course of a week to get them to the recipient. In addition, our lending database would only allow one user at a time for amendments, so things took far longer to process.

“As many of our members know, Shared Interest was formed when Traidcraft identified a finance gap between fair trade buyers and producers. Our business model enabled us to provide credit to buyers so that they could pay artisans on receipt of their goods. We were working only with handcraft organisations certified by the World Fair Trade Organization (WFTO), for which I also supported as a Board Member from 2009 to 2015.

**“I LIKED THE IDEA OF USING MY SKILLS AND EXPERIENCE TO HELP PEOPLE RATHER THAN MAKE PROFIT.”**

“I remember my first overseas trip to the USA. We arrived in Boston to meet **Equal Exchange Inc** and then drove south to meet **SERRV International** and **Ten Thousand Villages**, who are still customers of Shared Interest today.

“What struck me most was the level of trust between everyone involved. Our lending policy spoke about the ‘common bond of fair trade’. There was a real understanding that everyone was in this together and part of an exciting and growing movement.

“I think we had about 20 customers at that time, and were keen to reach more producers in remote communities. We had a Producer Liaison Officer who would travel for about three months at a time, to seek producer customers in different parts of the world.

“I remember being at my desk the day the Twin Towers fell and the sense that the world had changed on that day.

“We began researching involvement with what was then known as FLO - the Fairtrade Labelling Organization. Financing commodities was high risk as global prices were prone to huge fluctuations.

“A couple of years previously coffee prices had tripled, affecting the ability of buyers to purchase coffee. The impact of this brought us to develop the Prudential Limits we operate today, where we have a ceiling on the finance of each commodity, and the amount we can lend in riskier parts of the world.

“At this time, we were still sending a large amount of our funds to buyers working with handcraft producers in Bangladesh. We wanted to help the artisans directly but regulations meant it was not possible. This made us realise we should have a team on the ground in the regions that needed our finance.

“When Patricia joined Shared Interest as Managing Director, we were establishing these in-country teams and finally tipped the balance, to lend the majority of our funds directly to producers.

“I am proud to have been part of an organisation that has been such a trailblazer for the past 30 years. I believe the key to Shared Interest’s success is a winning combination of staying true to its business model, whilst never being afraid of change.

“As I begin this new chapter of my own life, it is good to know that I will still be part of Shared Interest as a member and loyal supporter. I will enjoy spending more time with the family as my youngest child starts her GCSEs and my eldest leaves for university. I am looking forward to reading a book without feeling there is something more important that I should be doing. I will also enjoy keeping up with Shared Interest news as a regular reader of QR!”.

**I AM PROUD TO HAVE BEEN PART OF AN ORGANISATION THAT HAS BEEN SUCH A TRAILBLAZER FOR THE PAST 30 YEARS.**

## EQUAL EXCHANGE INC

Equal Exchange started with an idea: what if food could be traded in a way that is honest and fair, a way that empowers both farmers and consumers? Founders - Rink Dickinson, Jonathan Rosenthal and Michael Rozyne - asked this question as they envisioned a trade model that values each part of the supply chain. In 1986, they started the business with fairly traded coffee from Nicaragua and today they work with over 40 small farmer organisations in Africa, Asia, Latin America and the United States.

## SERRV

SERRV is a non-profit organisation based in the USA. A fair trade buyer working with sole traders and co-operatives, the organisation connects farmers and artisans in the developing world, with consumers across the globe. Their story began in World War II when a group of relief workers helped refugees to create unique products in order to get them back on their feet.

## Ten Thousand Villages

Ten Thousand Villages is also based in the USA. Their mission is to create opportunities for artisans in developing countries to earn an income, by bringing their products and stories to market through long-term, fair trading relationships. Their journey began in the 1940’s with one woman selling textiles from the trunk of her car. Today they work with over 20,000 artisans in 30 countries.



# BUMPER COFFEE HARVEST FOR WORST HIT REGION

**It is estimated that 125 million people depend on coffee for their livelihood, from the farmers, to those in transportation, as well as roasters and retailers. Baristas and coffee shops were some of the first to close the doors when lockdown began. Despite this challenging environment, coffee lovers have still sourced their favourite drink, due largely to the resilience of coffee producers and the supply chain. Consumer purchasing of coffee remains buoyant - already the number one e-commerce grocery product before the pandemic - the growing trend for online coffee subscriptions is key to this success.**

**Latin America has faced many challenges in the wake of Covid-19; reported at one point to be one of the worst hit regions in the world. The coffee growing countries of Honduras and Peru were impacted by severe lockdown restrictions, which affected the entire production process. However, despite this, many farmers reported a bumper harvest, surpassing expectations.**

Nevertheless, the volatility of global coffee prices continues due to uncertainty in the market, with ongoing speculation about supply and demand. We caught up with our regional team to understand more about the opportunities and challenges currently facing co-operatives and communities.

Lending Manager for Central America, Marco Garcia, said: "During the first wave of Covid-19, the major issue for our customers proved to be buyers cancelling or postponing contracts, due to the uncertain demand caused by lockdown.

"With the exception of Nicaragua (where the government did not impose restrictions), a general challenge for our producers was to maintain operations, with travel restrictions affecting export. For the current season, we expect a less complicated scenario, since buyers and farmers have made adjustments so they can continue to trade.

**"WITH MOST OF OUR CUSTOMERS LIVING IN RURAL AREAS WITH LOW POPULATIONS, THE CASES OF COVID INFECTIONS AMONG THEIR STAFF AND PRODUCERS HAVE DIMINISHED."**

LENDING MANAGER FOR CENTRAL AMERICA,  
**MARCO GARCIA**

Regional Manager for Latin America, Paul Sablich, said: "At the start of the pandemic, in March last year, Peru had a strict quarantine nationwide. There was high uncertainty for producers as they were unsure how they were going to be able to operate.

"After some weeks, farming co-operatives could continue production, following the implementation of safety protocols as every worker had to obtain a transit permit. There was also a general slowdown in the transportation system, and in certain areas, transport was just not possible.

"Fortunately, we reached peak harvest season in June and July. At that time, co-operatives had already adapted most of their processes to manage the new restrictions. We noticed some buyers rescheduled or cancelled orders for 2021, but it was a very small percentage.

"This year is different, as co-operatives are used to managing new safety measurements and the international market has also adapted. Nonetheless, the second wave hit Peru severely; it is still too soon to know if the international demand for coffee and cocoa will be affected."



Coffee beans are washed and sorted after being picked.

## LA FLORIDA

In 1966, a group of 50 coffee farmers from the Chanchamayo region of Peru – known for its mixture of mountains and jungle – united to form La Florida (Cooperativa Agraria Cafetalera La Florida), one of the oldest co-operatives in the country. They were united through their struggle to negotiate fair prices from local coffee buyers. By the 1990s, La Florida was selling directly to international buyers, using their Fairtrade Premium to improve local infrastructure, such as roads, schools, and hospitals.

The co-operative became a Shared Interest customer in 2010, using an [Export Credit Facility](#), which has increased as the co-operative has grown.

La Florida's performance has had ups-and-downs and in recent years, they have made great efforts to achieve and consolidate their sustainability. Today, La Florida has managed to offer its coffee in more than nine countries worldwide, thus becoming a model for co-operatives throughout Peru.

They have an international reputation for environmental training, offering their members support in farm management, providing organic fertilisers and seeds to help diversify their sources of income.

General Manager, Jesús Damiano, added: "We are committed to protecting our environment and for that reason we educate farmers on how to shield the soil from erosion, how to retain moisture, and how to restore soil fertility. Our members believe their children are the future of the co-operative and we are also focussed on educating strong leaders, capable of taking on management roles."

We spoke to Board member Gladys Baltazar about how the co-operative has coped with the impact of the pandemic. She told us: "It has been a year of great uncertainty. We had to adapt quickly to the new environment and continuous changes.

"The positive thing is that we all worked together with empathy and commitment, hand in hand with communities. Because of mutual collaboration with local farmers, we managed to collect coffee on time."

### EXPORT CREDIT FACILITY

**A type of loan made to a business customer, designed for producer organisations, to provide them with sufficient working capital to complete and deliver new orders or contracts.**

**"THE RESULTS OF THE 2020 HARVEST ARE PROOF OF THE EFFORTS OF MEMBERS, MANAGERS AND STAFF, TO WHOM WE ARE VERY GRATEFUL.**

**"LA FLORIDA HAS A LONG-STANDING RELATIONSHIP WITH SHARED INTEREST. IT WAS ALWAYS PRESENT IN THE GOOD TIMES AND IN CHALLENGING TIMES DURING THE PANDEMIC. THIS IS SOMETHING THAT WE HIGHLY APPRECIATE. BY INCREASING OUR EXPORT CREDIT FACILITY, YOU HAVE ENABLED US TO EXPORT MORE COFFEE, WHICH TRANSLATED INTO GREATER ACCESS TO THE INTERNATIONAL MARKET AND BETTER PRICES FOR SMALLHOLDER PRODUCERS. THANKS SHARED INTEREST!"**

**"OTHER COMMUNITY PROJECTS INCLUDE A FAMILY DEVELOPMENT COMMITTEE, TO EMPOWER WOMEN TO HAVE A STRONG VOICE AND ROLE WITHIN THE COFFEE PRODUCTION PROCESS.**

**GLADYS, CONCLUDED: "IN MARCH, A SPECIAL EDITION OF LA FLORIDA WOMEN'S COFFEE LAUNCHED IN GERMAN STORES OF SUPERMARKET CHAIN, ALDI."**

BOARD MEMBER, **GLADYS BALTAZAR**

Coffee berries being picked on a farm in Latin America.



Joel Antonio Lopez Villeda, President of Cafescor's Board of Directors.

CAFESCOR

The high altitude and rich soils of the Copán region of Honduras, are perfect for coffee growing and farmers here produce some of the highest quality beans in Central America.

In 2014, a group of 25 farmers came together with the ambition to export this premium quality coffee to customers worldwide. They became known as Cafescor, and since then they have grown their membership to over 400 coffee farmers. In 2019, they became a Shared Interest customer and began to focus their efforts on enhancing the quality of their coffee even further, and as a result, improving the quality of life for farmers.

General Manager of Cafescor, Herminio Perdomo, said: "Shared Interest finance allows Cafescor to continue supporting farmers with timely payments for their produce."

We asked Hermino about the impact Covid-19 has had on the co-operative. He said: "During 2020, the general population had to respect strict travel restrictions that allowed each citizen to work only one day out of five, based on their national ID number. Therefore, staff attended the production plant on a rotation basis for some months.

"In addition, coffee co-operatives in Honduras had to request a special working permit that allowed the operation of the production facility and the transport of some staff members to the premises. In 2021, the government has not requested this special permit anymore.

"We have adapted our operations to continue with production plans. To date, we have gathered 90% of the forecasted volume for the ongoing cycle thanks to good planning."



**"ONE OF CAFESCOR'S CORE VALUES IS THEIR STRONG COMMITMENT TO PRODUCERS. THIS HAS BEEN PROVEN IN THE SUPPORT GIVEN DURING THE PANDEMIC, INCLUDING PROTECTIVE EQUIPMENT SUCH AS FACEMASKS, DIGITAL CONTACT THERMOMETERS, AND HAND SANITISERS. THE CO-OPERATIVE EVEN ADVERTISED ON LOCAL RADIO STATIONS TO REINFORCE THE IMPORTANCE OF SAFETY MEASURES."**

SHARED INTEREST CUSTOMER  
REPRESENTATIVE, CENTRAL AMERICA  
**KAROLINA JIMINEZ**

Above: Ana Julissa Guzman, Head of Organic Fertilizer Production.

Ariel Roman, Coffee picker from one of Cafescor's producers.





# WHEN WILL FARMERS REAP THE BENEFITS OF THE COCOA THEY GROW?

**Before Covid-19, there was another major challenge facing cocoa farmers, and it continues to be an increasing threat, especially in Ghana and Côte d'Ivoire. A pricing war began in 2019, when government bodies threatened to cut off the countries' cocoa supply, if a minimum price was not achieved.**

Following a number of negotiations, the two governments settled for a fixed premium of 400 US Dollars above the predetermined Cocoa Futures contract price – the world benchmark for the global cocoa market. However, they could not have anticipated a global pandemic was on the horizon. As countries across the world locked down, demand for cocoa plummeted – and yet again, farmers are paying the price.

Ghana and Côte d'Ivoire provides 70% of world's cocoa, and according to research carried out by the World Cocoa Foundation, the average West African grower farms less than 3.5 hectares, with no access to irrigation or modern farming techniques.

A typical farmer, working outside of Fairtrade, lives on around 75p per day (far below the World Bank's extreme poverty line of £1.40) and many are responsible for a household of up to eight family members.

Covid-19 restrictions have affected supply chains and consumer behaviour. The impact of falling sales has not only left growers without a supply chain for their crop, but many have nowhere to store it. The only remaining option is to sell to local middlemen known as pisteurs, who demand a heavily discounted price. Some exporters in Côte d'Ivoire have told news agency Reuters, that the implementation of the 400 US Dollars per tonne Living Income Differential (LID) scheme was also partly to blame.

Yves Kone, Managing Director of Cote d'Ivoire regulator, Le Conseil du Cafe Cacao, described how some cocoa buyers are backtracking on the commitment made, in a letter to the World Cocoa Foundation in November last year. He believes that some buyers are now refusing to buy directly from Ghana and Cote d'Ivoire.

The cocoa year in West Africa runs from October to September, with the main harvest between October and March, and the minor season, which produces a smaller crop, from July to September. Typically, once the harvest takes place, cocoa beans are piled up in stacks to ferment, and then dried in the sun. After just over a week, they are gathered up, packed in sacks and stored in a warehouse, ready for collection by the co-operative.

Shared Interest Lending Manager for West Africa, John Dossou said: "Côte d'Ivoire remains the largest supplier of cocoa in the world market and is also home to the International Cocoa Organisation (ICCO), which is focussed on achieving sustainability in the industry.

"Cocoa farmers were already recovering from issues caused by overproduction several years ago. Covid-19 and the ongoing problems caused by pricing mean that even though this harvest has been positive due to ideal growing conditions, farmers are unable to reap the benefits they deserve.

"Changes in weather can dramatically affect harvest times, causing fluctuations from year to year, even on the same farm. The majority of our cocoa farmers reported a strong main harvest. After the first wave of Covid-19, the market seemed to recover but the second wave has caused a further fall in demand. Many farmers are now facing a surplus and struggling to store the cocoa they have not managed to export."

## CADESA

Founded in 2003 in Sassandra, Côte d'Ivoire. CADESA (Coopérative Agricole pour le Developpement de Sassandra) is a cocoa co-operative with more than 2,000 members living in rural areas. The co-operative produces dried cocoa beans, which are primarily for export, with a small amount sold locally. The poor road network means that farmers are reliant on the co-operative to sell their produce, which would otherwise perish on their remote farmland.

Shared Interest approved an [Export Credit Facility](#) for the co-operative in 2017, enabling them to open an export office in San Pedro and later began working towards organic

certification. A year later, the co-operative increased its membership by 15% due to its reputation for paying farmers on time. Their increased sales brought a higher amount of Fairtrade Premium, which they used to buy their first heavy-duty trailer, now used to collect the cocoa from farmers.

CADESA Treasurer, Armand Nemlin said: "We are fortunate to have an export contract and credit facilities to sell our product on the international market. However, we currently have 250 metric tonnes of cocoa sitting with our producers with no market."

## ECOOKIM

ECOOKIM (Entreprise Coopérative Kimbre) is a union of seven co-operatives, working with over 30,000 producers, across four rural regions of Côte d'Ivoire. These communities all suffer high unemployment levels and poor healthcare. They also face the challenges caused by deforestation, soil degradation and water pollution. Farmers tend to work in family groups of between 10 and 15 workers. Cocoa is vital to their livelihoods, providing 70% of their income. The road network is also poorly maintained and is vulnerable to flooding in the rainy season, making the transportation of cocoa difficult.

John said: "ECOOKIM is one of our largest customers in West Africa and is one of the best performing [FLOCERT](#) groups in the region. They have used an [Export Credit Facility](#) for almost eight years, and the co-operative has continued to grow during that time. They prepared themselves for the potential impact of the pandemic and are continuing to work closely with farmers to sell the cocoa harvested."

According to ECOOKIM's Finance Manager, Zie Ouattara: "We anticipated a fall in demand of cocoa on the international market due to the Covid-19 impact on global business. We therefore reduced our forecast volumes by 5,000 metric tonnes compared to 2020 and we informed our producers accordingly. Some of our groups still have stocks of cocoa but the co-operative has already supplied their contracts. We are however looking for some new contracts during the minor season to help our producers sell off their remaining stocks."

## FLOCERT

The global certification body for Fairtrade and Fairtrade International.



# EXTENDING OUR REACH THROUGH BUYER FINANCE

We are one of few social lenders to provide credit facilities to buyer organisations in the Northern Hemisphere and Pacific Rim, with 30 customers - mainly based in North America and Europe.

Fair trade buyers are required to provide producers with a part payment on placing an order, and we send this money to producers on their behalf. Of the total payments made on behalf of buyer customers, a large proportion go to Asia and the Middle East. Due to political and economic constraints, it is difficult to lend directly in these regions, therefore our relationship with buyers is essential to reach these disadvantaged communities.

Unlike other regions, there is no predominant crop or product. Most customers are importers who sell a variety of fair trade items, ranging from processed foods such as cookies and cereal bars, to jewellery, clothes and home décor.

Regional Manager for Northern Hemisphere and Pacific Rim, France Villeneuve, said: “For customers in the textile sector, some orders have been delayed as certain items of clothing or homeware have not sold due to store closures and changes in consumer purchasing habits. Nevertheless, none of the buyers we work with have cancelled orders and have been in constant communication with artisans, ensuring that both parties agreed with the new terms.

“Some buyers have even experienced higher sales, especially those selling to supermarkets or small food retailers. This means that they were able to increase their orders from producers, although there were disruptions in the supply chain.

“It has been incredibly inspiring to also see buyers using some of their profits to support the communities they work with. One of the major successes is the adaption of textile businesses to manufacture face coverings and PPE, which many of our customers have done effectively.”

## MATA TRADERS

Mata Traders works exclusively with member-owned women’s co-operatives and artisan groups that adhere to the Fair Trade Principles. By bringing traditional fabrics to a global audience, they support the family businesses of weavers and block printers in India and Nepal.

With a mission to ‘fashion a better world’, three women founded the company 15 years ago. After living in India for four months during their travels, they were inspired by the culture, markets, and colourful textiles, wanting to combine this passion with their hope of providing a stable source of income for families in disadvantaged communities.

Within a couple years, founding partners, Maureen Dunn Fetscher, Michelle King Thomas and Jonit Bookheim were working with five organisations in India and Nepal.

Maureen said: “Whether a beginner seamstress or production manager, all the women that make our clothing and accessories have a voice. We are so proud to be a part of that voice by bringing their quality handiwork to the socially conscious, stylishly adventurous woman.”

Mata Traders is also involved in advocating for fair trade in the USA. Jonit is a board member of Chicago Fair Trade and participates on a committee of the Fair Trade Federation.

As Mata Traders faced the challenges posed by Covid-19, the company told us that Shared Interest finance enabled them to be more flexible with suppliers who needed to move delivery dates due to lockdown measures.

As of June 2020, Mata Traders were fully operational again, shipping orders, actively selling, and working towards new seasons, in the design and production departments.

France said: “They remain in regular contact with the producer groups, have maintained all their staff, and have been able to commit to all existing orders. However, lockdown restrictions have hindered production in Nepal and India, so they have agreed to accept lower quantities than originally requested and to purchase any unused material against future orders.

“They are now working towards developing their own virtual trade shows. They have also used this period to improve production quality, in order to offer their customers an even better product and experience.”



“MATA TRADERS HAS BEEN SIGNIFICANTLY IMPACTED BY THE PANDEMIC. IT WAS, AND STILL IS, AN EXTREMELY CHALLENGING TIME FOR US AND OUR ARTISAN PARTNERS. WHILE WHOLESALE SALES WERE DOWN SUBSTANTIALLY FROM 2019, OUR E-COMMERCE RETAIL SALES WERE UP BY ALMOST 20%, WHICH WAS ENCOURAGING.

“THE POTENTIAL CATASTROPHIC EFFECT THAT THE PANDEMIC COULD HAVE ON PRODUCERS GALVANISED US TO SUCCEED LIKE NEVER BEFORE. WE WERE MOTIVATED TO SEE THIS CRISIS THROUGH OVER THE LONG-TERM AND ARE PROUD TO ANNOUNCE WE’VE ALREADY PLACED NEW ORDERS FOR FORTHCOMING SEASONS.”

FOUNDING PARTNER,  
MICHELLE KING THOMAS

## THE TEN PRINCIPLES OF FAIR TRADE



Top and middle: Mata Traders producers based in India.



## ANGEL FELTING

Founded in 1999, Angel Felting is a small handcraft business based in Mongolia. Husband and wife, Dashdorj Erdenetulga and Byambajargal Munkhjargal set up the business by making woollen slippers at home. This idea came from a government initiative to empower Mongolian families to use traditional skills in producing craft products.

Mongolia is dominated by the mining industry, which tends to attract a male workforce, offering a higher than average salary. However, the sector is precarious, and opportunities are limited. Angel Felting's aim is to provide employment within their community and encourage people to create a safe and sustainable living outside of mining, using methods passed down through generations.

Although there are very few cases of Covid-19 in Mongolia, Angel Felting have provided their staff with a full PPE kit, including hand sanitiser, masks, face shields, and protective gowns. Due to restrictions with transport, they faced challenges exporting some of their goods. Despite this, they secured a large order with a buyer in the Netherlands and additional requests for slippers from buyers in Sweden and New Zealand.

Co-founder Byambajargal Munkhjargal said: "The first Covid-19 case was diagnosed in Mongolia in mid-November, and sales completely stopped. Fortunately, we received reorders from our existing customers, produced them successfully and on time. They were shipped safely in November and December last year."

**"SHARED INTEREST INVESTORS HAVE HELPED US TO WITHSTAND THIS DIFFICULT TIME. WE HAVE FACED MANY CHALLENGES OVER THE YEARS.**

**"WHEN WE ESTABLISHED ANGEL FELTING, WE WERE A YOUNG COUPLE WITH NO CAPITAL OR KNOWLEDGE OF HOW TO RUN A BUSINESS. NOW WE LOOK BACK AND IT IS DIFFICULT TO IMAGINE. WE REMEMBER ONLY THAT WE HAD A MISSION TO DEVELOP OUR COUNTRY, AND ESTABLISH FAIR LIFE AND SOCIAL EQUALITY."**

FOUNDING PARTNER,  
BYAMBAJARGAL MUNKHJARGAL



Angel Felting first met with Shared Interest at a trade fair in Frankfurt in 2019 and they became a customer the following year. The organisation was looking to develop their felt boots for outdoor use, and maintain a level of stock all year round. Byambajargal continued: "We produce felted home shoes for cold weather. It is a season-specific product so we have a good income during autumn and winter, but not spring and summer."

France said: "By extending production from nine months to twelve months a year, means that they can provide an income to their employees all year round and not only during peak season. In addition, they will be able to negotiate a better price if they can buy a large quantity of material in advance."

Byambajargal continued: "Since founding the company, we had to stop production for two to three months during the low season. Now we can work throughout the year. We are planning to launch winter boots in March, and April 2021. We believe that we could have 100% stable production in the coming years."

Angel Felting does not currently sell to buyers in the UK. Following a high level of interest in their products from members at our AGM, we will keep you updated on any plans to expand into the UK market.

Angel Felting producers make felt slippers at their factory in Mongolia.

## COUNCIL COMMENT



I am writing this at the end of Fairtrade Fortnight, with its theme of "Choose the world you want" looking at climate change and the challenges faced by farmers on the frontline. One advantage of lockdown is that activities were available online, either at the time or recorded for later viewing on YouTube. Fair trade farmers from across the world discussed some of the challenges they face and what the fairtrade premium means to them.

Coffee, tea and cocoa growers work in parts of the world where the impact of climate change affects them directly. Weather patterns have become more unpredictable – long periods of drought with poor or no harvest and greater risk of fires, or heavy rain at the wrong time with floods damaging crops and disrupting transport. No crops equals no food; no food for livestock makes them weak and prone to disease. Trees are cut down as a way of making money leading to the land becoming increasingly barren. Families see no future in farming and migrate to the cities for work.

An increase in temperature of half a degree Celsius leads to a 7% increase in humidity which in turns gives ideal conditions for fungal diseases in plants to flourish. These can be near impossible to treat.

Coffee farms have been badly affected by storms damaging the crops landslides destroying large areas and washing away the topsoil, leaving the land unsuitable for replanting. Even if they can replant, it will be three to four years before they can start harvesting again. In addition, the price earned by non-fair trade farmers has at times been lower than the cost of producing it.

Northern areas of Côte d'Ivoire are becoming unsuitable for cocoa and food production. In the past the seasons were more established, two rainy, two dry, but now the farmers do not know when to plant. One year it was too hot, and food was in short supply, the next year it rained heavily so although there was food, cocoa production was low due to diseases linked to the rain. Lower production equals less income.

Tea farmers in Kenya struggle with hotter, windier weather and unpredictable rain. Tea takes three years to establish and five to harvest where previously it took two to three years.

All the farmers in the Fairtrade Fortnight webinars spoke about how they have benefitted from the Fairtrade premium. Co-operatives employ technicians to work on mitigating climate change, including planting trees, diversification, adaptation and resilience along with training young people in sustainable farming methods. To quote from a Côte d'Ivoire farmer "Someone who is trained is someone who can decide."

Fair trade purchases are more than giving a better price to farmers. It gives them the power to use the Premium to improve health and education and the means to adapt their farming methods to mitigate the impact that climate change is having on their livelihoods.

Investing in the Shared Interest Society is one way of supporting fair trade. It is encouraging to know that my investment is contributing to the difference that fair trade is making. As a member of Council, it has been a privilege to hear about the Society's work in greater detail and appreciate the fantastic job they do in helping improve the lives of people across the world.

**Kate Roberts**  
Member of Council

Above: Coffee producers at a Fairtrade co-operative in Peru.



Quarterly Return is the newsletter of Shared Interest Society. Shared Interest Society Ltd is a fair trade lending organisation, which is a member of Co-operatives UK. It uses the pooled investments of its members in the UK to make real and lasting improvements to people's lives in the developing world.

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